



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 2862

PRINTERS NO. 4375

PRIME SPONSOR: Delozier

### COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
Banking Fund	\$0	\$0

**SUMMARY:** Amends the Department of Banking and Securities Code to convert the Banking Fund and the Institution Resolution Account into trust funds. This legislation would take effect immediately.

**ANALYSIS:** This legislation amends the Department of Banking and Securities Code (P.L. 565, No. 111 of 1933) to convert the Banking Fund and Institution Resolution Account into the Banking Trust Fund and the Institution Resolution Trust Fund.

**Banking Trust Fund Conversion:** The Banking Fund is converted into a trust fund, which would be administered by the Department of Banking and Securities (DOBS). Moneys deposited into the fund would be used for the benefit of institutions, credit unions, licensees and their customers.

All interest earned for this fund is to be deposited into the fund for the same use, and will be held in trust. All money deposited into the fund will be held in trust and would not be considered general revenue of the Commonwealth. The fund would be subject to audit by the Attorney General.

**Banking Trust Fund Uses:** The fund may be used by DOBS to pay its expenses related to examination and regulation of institutions, credit unions and licensees.

**Operating Reserves of the Banking Trust Fund:** An adequate operating reserve, as determined by the Secretary of DOBS, must be maintained in the fund to ensure DOBS can continue to pay its expenses in the event of adverse economic conditions, the loss of revenue as a result of institutions or licensees becoming subject to another primary regulator, or emergencies.

In determining the amount of reserve to be held in the fund, the Secretary must take into consideration the accreditation requirements of the Conference of State Bank Supervisors, the National Association of State Credit Union Supervisors and the American Association of Residential Mortgage Supervisors.

**Institution Resolution Trust Fund Conversion:** The Institution Resolution Account is converted into a trust fund to be administered by DOBS for the benefit of banks, bank and trust companies, trust companies, savings banks, credit unions and their customers.

All interest earned from the investment or deposit of money accumulated in this fund must be deposited into the fund for the same use. All money deposited into the fund must be held in trust and could not be considered general revenue of the Commonwealth.

**Institution Resolution Trust Fund Uses:** Funds must be used for purposes determined by DOBS and would be subject to audit by the Attorney General.

In determining the amounts to be paid into the Institution Resolution Trust Fund, the Secretary of DOBS shall annually determine amounts to be paid into the fund in a manner that builds up a reserve sufficient to pay costs necessary to carry out the purpose of the fund and to discharge its obligations to resolve, seize or liquidate an institution or credit union without impairing the ability of the department to perform its other duties.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth funds.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** September 30, 2020

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*