



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 859

PRINTERS NO. 1309

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 into a trust fund and clarifies the use of the Institution Resolution Account. 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 into the Banking Trust Fund and clarify usage of the Institution Resolution Account.

**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 Auditor General.

**Banking Trust Fund Uses:** The fund may be used by the 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 the 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 Regulators.

**Institution Resolution Account:** The Secretary of DOBS shall annually determine amounts to be paid into the account in a manner that builds up a reserve sufficient to pay costs necessary to carry out the purpose of the account 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:** May 4, 2021

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