

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 432

PRINTER NO. 617

AMOUNT

No Fiscal Impact

FUND

Banking Fund

DATE INTRODUCED

March 18, 2021

PRIME SPONSOR

Senator Laughlin

DESCRIPTION

Senate Bill 432 converts the Banking Fund into a trust fund.

Senate Bill 432 amends the Department of Banking and Securities Code to convert the Banking Fund into a trust fund to be administered by the Department of Banking and Securities (department) for the benefit of banks, credit unions, licensees and their customers. All interest and money in the trust fund shall not be considered general revenue and shall only be used by the department to pay expenses relating to the examination and regulation of institutions, credit unions and licensees.

The legislation requires the department to maintain an adequate operating reserve in the trust fund to ensure the department is able to pay its expenses in the event of adverse economic conditions or loss of revenue resulting from institutions or licensees becoming subject to another regulator's jurisdiction. Additionally, the department must ensure sufficient reserves are paid into the Institution Resolution Account. The Institution Resolution Account is to be used in the event of a seizure or liquidation of a financial institution, association or credit union.

This act shall take effect immediately.

FISCAL IMPACT

Senate Bill 432 will have no impact on Commonwealth funds. The Banking Fund is a special revenue fund comprised of monies received from fees, assessments, charges and penalties collected from institutions that fall under the department's jurisdiction. The conversion of the Banking Fund into a trust fund will not affect the department's ability to collect this revenue. Additionally, the Institutional Resolution Account is projected to have a balance of \$22.5 million as of June 30, 2022, based on the Governor's FY 2021-22 budget.