



OHIO LEGISLATIVE SERVICE COMMISSION

Shannon Pleiman

Fiscal Note & Local Impact Statement

Bill: S.B. 29 of the 132nd G.A.

Status: As Reported by Senate Insurance & Financial Institutions

Sponsor: Sens. Coley and Oelslager

Local Impact Statement Procedure Required: No

Subject: Enacts a new Banking Law governing banks, savings and loan associations, and savings banks

State Fiscal Highlights

- **Impact on Division of Financial Institutions.** The bill establishes a new Banking Law that could result in only minimal new administrative costs or that could be implemented with existing resources at the disposal of the Division of Financial Institutions within the Department of Commerce.
- **Savings Institutions Fund.** The bill abolishes the Savings Institutions Fund (Fund 5450) and transfers the cash balance in Fund 5450 to the Banks Fund (Fund 5440). Beginning July 1, 2018, revenue that was deposited into Fund 5450 will be deposited instead into Fund 5440. FY 2016 deposits into Fund 5450 amounted to approximately \$2.4 million.
- **Assessments deposited into Banks Fund.** The bill reinstates the authority for the Superintendent of the Division to assess banks, savings and loan associations, and savings banks on their total assets to fund the operations of the Division. This revenue would be deposited into Fund 5440.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Overview

The bill enacts a new Banking Law governing banks, savings and loan associations, and savings banks under the same statute, repealing statutes governing savings and loans and savings banks. In their place, the bill provides a single "bank" charter under which all three types of financial institutions may operate. As with the other statutes currently in place, the new Banking Law created by the bill will be enforced by the Division of Financial Institutions within the Department of Commerce. The bill is to take effect July 1, 2018; however, the Division's ability to reinstate bank assessments would take effect 90 days after the bill is enacted. Many of the provisions in the bill do not have any significant fiscal impact on the state and local governments. The provisions that do have a fiscal impact are discussed below.

Savings Institutions Fund

The bill consolidates the cost of oversight for the new Banking Law under the existing Banks Fund (Fund 5440), repealing the statute establishing the Savings Institutions Fund (Fund 5450) that has been used to pay for overseeing savings and loan associations and savings banks. Fund 5450 receives forfeitures collected from savings and loan associations and savings banks. On July 1, 2018, or soon as possible thereafter, the bill allows the Director of Budget and Management to transfer the cash balance in Fund 5450 to Fund 5440. The March 7, 2017 cash balance in Fund 5450 is approximately \$2.0 million.

Bank assessments

The bill reinstates the authority of the Superintendent of Financial Institutions to (1) charge banks application fees and charge for the costs of the Division's special or follow-up examinations and visitations, and (2) annually assess banks, savings and loan associations, and savings banks to support the operations of the Division. Specifically, the Superintendent is to assess these entities on an annual or periodic basis, with the amounts of the regulatory assessments to be based on the total assets of the particular institution as of December 31 of the prior year. This authority was repealed by H.B. 340 of the 131st General Assembly. The reinstated fees and assessments will be deposited into Fund 5440.