

HCS HB 379 -- COMPENSATION FOR FINANCIAL INSTITUTION REGULATORS

SPONSOR: Cunningham, 145 (Cooper, 120)

COMMITTEE ACTION: Voted "do pass by consent" by the Committee on Financial Institutions by a vote of 12 to 0.

This substitute exempts, from merit system rules, those positions in the divisions of Finance and Credit Unions in the Department of Economic Development which are compensated through a dedicated fund obtained from assessments and license fees used for the examination and regulation of banks, trust companies, and credit unions.

The directors of these divisions will prepare a salary schedule for those positions. A comparison with similar positions at federal regulatory agencies will be completed, and in no instance will the compensation for state examiners be more than 90% parity for the corresponding federal positions in similar geographic locations as determined by the directors. Personnel will be compensated according to the schedule.

Costs incurred in the regulation of any bank, trust company, or other corporation will be reviewed at least annually by the Division of Finance to determine whether regulatory costs are offset by the fees and charges collected. The director will revise the fees to the extent allowed by law or recommend to the General Assembly the necessary statutory changes to fully recover the costs.

Any interest earned in the dedicated funds will be used, upon appropriation, for the expenditures of the divisions in the succeeding fiscal year and will be applied to reduce the amount of the annual assessment an institution is charged.

FISCAL NOTE: Estimated Income on General Revenue Fund of \$68,751 in FY 2006, \$102,020 in FY 2007, and \$104,571 in FY 2008. No impact on Other State Funds in FY 2006, FY 2007, and FY 2008.

PROPOSERS: Supporters say that the bill will help the state retain qualified examiners. It takes three or four years to train examiners; and often after examiners are trained, they leave to go to higher paying jobs in the private sector or the federal government. Because of the high turnover, there is a risk of losing national accreditation. Missouri's banks and credit unions support this legislation. Fully trained examiners can perform their audits more quickly and efficiently saving time and money.

Testifying for the bill were Representative Cooper (120);

Commissioner of the Division of Finance; Director of the Division of Credit Unions; Missouri Bankers Association; Missouri Independent Bankers Association; Missouri Credit Union System; Mortgage Bankers Association of Missouri; Missouri Financial Services Association; and Farm Credit Services of Missouri.

OPPONENTS: There was no opposition voiced to the committee.

Marc Webb, Legislative Analyst