

SB 318 -- COMPENSATION FOR FINANCIAL INSTITUTION REGULATORS

SPONSOR: Crowell (Cooper, 120)

COMMITTEE ACTION: Voted "do pass by consent" by the Committee on Financial Institutions by a vote of 16 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 division director will revise the fees and charges to fully recover these 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.

PROPONENTS: Supporters say that the bill will help the state retain qualified examiners. After fully training these examiners for six to eight years, they go to work for the federal government because of their higher pay. Because of the high turnover, there is a risk of losing national accreditation. Missouri's banks and credit unions support the bill because a fully trained examiner with eight years of experience can perform an audit in three days instead of the three weeks that it normally takes a new examiner which saves time and money.

Testifying for the bill was Senator Crowell; Division of Finance; Missouri Independent Bankers Association; Missouri Credit Union Association; Missouri Financial Services Association; Mortgage Bankers Association of Missouri; Missouri Bankers Association; and Division of Credit Unions.

OPPONENTS: There was no opposition voiced to the committee.

Marc Webb, Legislative Analyst