

HB

116

BILL SHEFFIELD
GOVERNOR

HB 116



C^o

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 24, 1983

The Honorable Joe L. Hayes
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which increases the fee that the commissioner of commerce and economic development may assess a financial institution for investigation and examination costs. It raises the existing maximum of \$7,500 to a maximum of \$12,000 per examination. The fee increase is necessary because costs associated with these examinations have risen more than 50 percent since 1978 when the \$7,500 maximum fee was first established. An additional, technical amendment is included, rewriting but not changing the substance of the last sentence of AS 06.01.010(b).

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 11/9/83

I. REQUEST

Bill/Resolution No.: HB 116
 Title: An Act relating to bank examination
 Sponsor: House Rules Committee
 Requestor: Governor
 Date of Request: _____

II. FISCAL DETAIL

Agency Affected: Commerce and Economic Dev
 Program Category Affected: Consumer Protec
 BRU, Program of Subprogram(s) Affected: Banking and Securities

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE	12.0	12.0	12.0	12.0	12.0	12.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
TOTAL						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Willis F. Kirkpatrick
 Division: Banking and Securities

Phone: 465-2521

Date: 11/9/83

Approved by Commissioner: _____
 Department: Commerce and Economic Development

Date: 12/29/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

Fiscal Note

9/14/83

HB 116 TITLE & SPONSOR SUMMARY

16:57 6/04/84 PAGE 1 OF 3

PROPOSED TITLE: CSHE 116(FIN)

AN ACT RELATING TO FINANCIAL INSTITUTION EXAMINATIONS AND EXAMINATION FEE ASSESSMENTS, AND PROVIDING FOR AN EFFECTIVE DATE

GENERAL DOLLARS: \$0 (F. NOTE)

PRIME SPONSOR: HOUSE RULES COMMITTEE.

OTHER DOLLARS: \$0

CO-SPONSORS:

CURRENT STATUS: 4/25/84 IN (3) FINANCE

HB 116 HOUSE ACTION

16:57 6/04/84 PAGE 2 OF 3

DATE SEQ PAGE

LEGISLATIVE ACTION

01/24/83	01	0098	FIRST READING -- COMMITTEE REPORTS
01/24/83	02	0098	FISCAL NOTE EQUALS ZERO
01/24/83	03	0097	GOV TRANSMITTAL LETTER
05/06/83	04	1208	L3C -- DP04, NR01
01/27/84	05	2371	FIN -- CS09
01/27/84	06	2371	FIN F/NOTE USE SUPPL #87
01/30/84	07	2394	SECOND READING
01/30/84	08	2394	FIN CS ADOPTED BY UNAN CONSENT
01/30/84	09	2394	ADVANCED TO 3RD READING BY UNAN CONSENT
01/30/84	10	2394	THIRD READING
01/30/84	11	2395	PASSED BY DIV 33-06-01
01/30/84	12	2395	EFFECTIVE DATE VOTE SAME AS PASSAGE

*** ** ** ** **

SB 116 SENATE ACTION

17:00 6/04/84 PAGE 3 OF 3

DATE SEQ PAGE

LEGISLATIVE ACTION

07/31/84	13	1093	FIRST READING -- COMMITTEE REPORTS
08/25/84	14	2816	L3C -- RP03
			FINANCE
			RULES

*** ** ** ** *

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

OFFICE OF THE COMMISSIONER

April 24, 1984

Honorable Richard I. Eliason
Chairman
Senate Labor & Commerce Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Eliason:

Re: HB 116

Enclosed per your request is the schedule of examination cost for the period of June 1982 to December 1983 (Exhibit A). I would like to remind you that our only intent of the bill is to recover some of the increased costs of examinations by raising the maximum chargeable to banks from \$7,500 to \$12,000.

When this proposed legislation failed to move in the last Legislature, we were told that it was because state-chartered banks had to pay for examinations twice, once to the State and then again to the FDIC, while nationally-chartered banks only paid once to the Comptroller of Currency. This premise is not like it is. All FDIC insured banks, state or national banks, pay a semiannual insurance assessment of 1/2 of 1/12 of 1% of the assessment (liability) base. Any examinations by the FDIC is charged to their insurance fund.

National banks pay for the total cost of the Comptroller of Currency's office by a semiannual assessment (Exhibit B). Note that national banks with assets of \$50-\$100 million pay \$11,800 (plus) a year (\$5,925 semi-annually) and those with \$100-\$500 million in assets pay \$17,850 (plus) a year.

Whenever possible, the State conducts joint examinations with the Federal Deposit Insurance Corporation in order to cut the cost of the examinations and better utilize the State's examining force. However, with the FDIC not examining the better rated banks for up to 36 months, it is now the responsibility of the State to monitor the condition of the State-chartered banks during this three-year period of time. It is also the position of this office that, instead of an examination for every bank

Honorable Richard I. Eliason

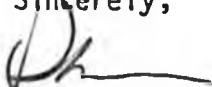
-2-

April 24, 1984

once a year, more attention could be given those banks which are poorly managed. Therefore, give interim visitations to higher rated banks and concentrate the examination effort on those banks that have been rated more poorly.

We would appreciate any consideration to the passage of this proposed legislation by your committee.

Sincerely,



Richard A. Lyon
Commissioner

RAL/mc1/4
Enclosure
42384b

Expenses and Revenues of Examination for the
Period June 1982 to December 1983

	Asset Size (in Millions)	Type of Exam	Cost of Exam	Amount Paid by Instit.	% of Cost Paid
<u>Commercial Banks:</u>	\$ 29.5	J	\$ 4,311	\$4,311	100
	452.6	S	32,350	7,500	23
	182.8	J	12,545	7,500	60
	160.6	J	17,039	7,500	44
	64.8	J	10,258	7,500	73
	109	S	17,488	7,500	43
	394.0	J	13,230	7,500	57
	74.4	J	9,176	7,500	82
	284.7	J	7,812	7,500	96
<u>Mutual Savings Bank:</u>	74.6	J	6,365	6,365	100
<u>Savings and Loan:</u>	8.7	J	1,601	1,601	100
	16.8	J	6,132	6,132	100
	27.3	S	7,867	7,500	95
<u>Bank Holding Co.:</u>	8.4	S	495	495	100
	9.3	S	396	396	100
	19.6	S	1,346	1,346	100
	33.4	S	912	912	100
<u>Trust Companies:</u>		S	985	985	100
<u>Credit Unions:</u>	3.2	S	2,603	2,603	100
<u>Small Loan Companies:</u>		S	363	363	100
		S	306	306	100
		S	416	416	100
<u>Premium Finance Co.:</u>		S	523	523	100
		S	532	532	100
		S	667	667	100
		S	493	493	100
		S	493	493	100
		S	567	567	100
		S	558	558	100
		S	467	467	100

Expenses and Revenues of Examination for the
 Period June 1982 to December 1983

(Cont'd)

	Asset Size (in Millions)	Type of Exam	Cost of Exam	Amount Paid by Instit.	% of Cost Paid
<u>Premium Finance Co.:</u> (Cont'd)		S	550	550	100
		S	489	489	100
		S	703	703	100
		S	443	443	100
		S	194	194	100
		S	703	703	100
		S	611	611	100
		S	512	512	100

J = Joint Examination with Federal Insurer
 S = State Examination

Part 8—Assessment of Fees: National Banks, District of Columbia Banks, Federal Branches and Agencies

[12 CFR 8]

- Sec.
- 8.1 Scope and application
- 8.2 Semiannual assessment
- 8.3 Filing fee for new bank charter applications and initial Federal branches and Federal agencies in a State (Deleted)
- 8.4 Filing fee for a domestic bank branch or additional Federal branches or agencies within a State (Deleted)
- 8.5 Filing fee for applications for mergers and consolidations (Deleted)
- 8.6 Daily rate for examination of affiliates and for special examinations and investigations
- 8.7 Daily rate for trust examinations

AUTHORITY: R.S. 5240, as amended, 12 USC 481, 482, 12 USC 3103, and in Section 3, 47 Stat. 1566, 26 D.C. Code 102.

§8.1 Scope and application

The assessments contained in this part are made pursuant to the authority contained in R.S. 5240, as amended, 12 USC 482, 12 USC 3102, and in section 3, 47 Stat. 1566, 26 D.C. Code 102.

§8.2 Semiannual assessment

(a) Each national bank and each district bank shall pay to the Comptroller of the Currency on or before January 31 and July 31 of each year a semiannual assessment fee for the six-month period beginning thirty days before each payment date. The amount of the semiannual assessment paid by each bank is computed as follows:

If the bank's total assets (consolidated and domestic and foreign subsidiaries) are—		The assessment is—		
Over—	But not over—	This amount—	Plus—	Of excess over
Million	Million			Million
0	\$1	0	0.0001000	0
\$1	10	\$1,000	00.125	\$1
10	50	2,125	.000095	10
50	100	5,925	0.000060	50
100	500	8,925	0.000050	100
500	1,000	28,925	.000045	500
1,000	3,000	51,425	0.000040	1,000
3,000	10,000	131,425	0.000034	3,000
10,000	20,000	369,425	.000032	10,000
20,000	689,425	.000021	20,000

Each semiannual assessment is based upon the total assets shown in the bank's "Consolidated Report of Condition (Including Domestic and Foreign Subsidiaries)"

most recently preceding the payment date. The assessment shall be computed in the manner and on the form provided by the Comptroller of the Currency. Each bank subject to the jurisdiction of the Comptroller of the Currency on the date of the second or fourth condition reports is subject to the full assessment for the next six month period without proration for any reason.

(b) Each Federal branch and each Federal agency shall pay to the Comptroller of the Currency on or before January 31 and July 31 of each year a semiannual assessment fee for the six month period beginning thirty days before each payment date.

The amount of the semiannual assessment paid by each Federal branch and Federal agency shall be computed at the same rate as provided in the Table in 12 CFR Part §8.2(a); however, only the total domestic assets of the Federal branch or Federal agency shall be subject to assessment.

Each semiannual assessment of each Federal branch or Federal agency is based upon the total assets shown in the Report of Condition most recently preceding the payment date. The assessment shall be computed in the manner and on the form provided by the Comptroller of the Currency. Each Federal branch or Federal agency subject to the jurisdiction of the Comptroller of the Currency on the date of the second or fourth condition reports is subject to the full assessment for the next six month period without proration for any reason.

§8.3 [Deleted]

§8.4 [Deleted]

§8.5 [Deleted]

§8.6 Daily rate for examination of affiliates and for special examinations and investigations

The assessment rate for examinations of affiliates and for special examinations and investigations is \$140 a day for the Examiner-in-Charge and \$80 a day for each additional Examiner. A separate charge will not be made for a regular examination of any operating subsidiary if the assets of such subsidiary are included in the consolidated report of the parent bank or Federal branch or agency.

§8.7 Hourly rate for trust examinations

(a) The assessment contained in this subpart is made pursuant to authority contained in R.S. 5240, as amended, 12 USC 481, 482 and in section 3, 47 Stat. 1566, 26 D.C. Code 102. Those statutes provide that the Comptroller assess fees adequate to cover the cost of each trust examination.

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Million	Million			Million
0	\$1	0	0.001000	0
\$1	10	\$1,000	.000125	\$1
10	50	2,125	.000095	10
50	100	5,925	.000060	50
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(a) The assessment contained in this subpart is made pursuant to authority contained in R.S. 5240, as amended, 12 USC 481, 482 and in section 3, 47 Stat. 1566, 26 D.C. Code 102. Those statutes provide that the Comptroller assess fees adequate to cover the cost of each trust examination.