

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 166 (Chairman, Commerce and Government Matters Committee) (Departmental -
Commerce and Government Matters Referred to Finance)

Financial Institutions - Frequency of Examinations - Publication of Reports

This amended departmental bill allows the required frequency of examinations of each financial institution to be reduced from at least once every calendar year to at least once every 18 months upon a determination by the Bank Commissioner. In addition, the bill eliminates a requirement that banking institutions publish a summary of their periodic reports of financial condition in a newspaper.

Fiscal Summary

State Effect: General fund expenditures for the Office of the Bank Commissioner, would decrease by \$229,500 in FY 1997 resulting from a decrease in the number of financial examinations required. However, the Governor's FY 1997 budget allowance reflects the \$229,500 reduction, although the reduction is not contingent on the enactment of this bill. Therefore, this bill would have no fiscal impact.

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing and Regulation has determined that this bill has minimal or no impact on small business (attached). Fiscal Services concurs with this assessment. (This attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

State Effect: This bill could significantly reduce the workload of the Office of the Bank Commissioner, if all examinations were to be made every 18 months, by reducing the frequency of examinations by one-third. The agency has indicated that the elimination of six positions in the Governor's fiscal 1997 budget allowance was made, at least in part, in anticipation of a similar change. In addition there is currently some consolidation of

functions between the Office of the Bank Commissioner and the Commissioner of Consumer Credit.

The Bank Commissioner advises that the elimination of these positions and the attendant expenditures (\$229,500) are reflected in the Governor's fiscal 1997 budget, although these reductions are not contingent on the enactment of this bill. The fiscal 1997 reduction takes into account the October 1, 1996 effective date. In future years, the reduction is annualized to be \$306,000.

To the extent that the fiscal 1997 budget allowance already reflects the reduction, this bill would have no fiscal effect.

Information Source(s): Department of Labor, Licensing and Regulation (Office of the Bank Commissioner), Department of Fiscal Services

Fiscal Note History: First Reader - January 29, 1996

ncsvised - House Third Reader - March 13, 1996

Revised - Small Business Impact Statement Received

- March 18, 1996

rmw Revised - Updated Information - March 20, 1996

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