

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 403 (Chairman, Finance Committee)
(Departmental - Labor, Licensing and Regulation)
Finance Referred to Commerce and Government Matters

Credit Unions - Examination Fees and Assessments

This amended, departmental bill alters the current fee structure for State-chartered credit unions. State-chartered credit unions with assets of less than \$300,000 would be assessed \$20 and the lesser of \$40 a day for each examiner or \$20 plus 1/18 of 1 percent of the assets of the credit union over \$10,000, which is how all State-chartered credit unions are assessed under current law. State-chartered credit unions with assets of \$300,000 or greater would be assessed \$1,000 plus \$.08 for each \$1,000 of the assets of the credit union over \$1 million. The bill also provides that the new assessment must be paid by the February 15 after the assessment is imposed. These fees are currently assessed for each examination deemed necessary by the Commissioner of Financial Regulation, no less frequently than every 18 months.

Fiscal Summary

State Effect: General fund revenues would increase by \$132,500 in FY 1998. Out-year revenues reflect 5% annual asset growth. Expenditures would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$132,500	\$139,500	\$146,500	\$153,800	\$161,500
GF Expenditures	0	0	0	0	0
Net Effect	\$132,500	\$139,500	\$146,500	\$153,800	\$161,500

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing and Regulation has determined that the bill has a meaningful positive impact on small businesses (attached). Fiscal Services disagrees with this assessment as discussed below. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

State Revenues: General fund revenues would increase by \$132,500 in fiscal 1998. The new assessment will generate approximately \$149,700 in fiscal 1998. The revenue forgone based on the abolished assessment system is approximately \$17,200 in fiscal 1998.

Under the bill, State-chartered credit unions with assets of less than \$300,000 are assessed \$20 plus the lesser of \$40 a day per examiner or \$20 plus 1/18 of one percent of assets of the credit union over \$10,000 at the time of examination. State-chartered credit unions with assets of more than \$300,000 are assessed fees to cover the cost of regulating credit unions by collecting the sum of \$1,000 plus \$.08 for each \$1,000 of credit union assets over \$1 million. The current fees assessed to State-chartered credit unions are \$20 plus the lesser of \$40 a day per examiner or \$20 plus 1/18 of one percent of assets of the credit union over \$10,000 at the time of examination for all State-chartered credit unions. **Exhibit 1** details the fee differences:

**Exhibit 1
Fee Changes Per Active Credit Union**

Credit Union	Current State Fee	Senate Bill 403
Balto, Navistar	\$81	\$0
Forte Meade	\$1,140	\$2,371
Lever Brothers	\$575	\$1,712
Post Office	\$1,095	\$3,623
U.S. Coast Guard	\$1,322	\$2,718
White Eagle	\$595	\$1,040
Central	\$1,645	\$2,042
MTA	\$1,645	\$3,282
Maryland Steelworkers	\$975	\$4,215
Municipal Employees	\$1,593	\$35,523
Point Breeze	\$2,660	\$23,473
State Employees	\$3,583	\$69,647
Total	\$16,909	\$149,646

NOTE: There are two inactive credit unions that are in liquidation. They currently pay \$275 to the State and under this bill would be required to pay nothing.

Source: Department of Labor, Licensing, and Regulation (Office of the Financial Regulation); Maryland Credit Union League

The fees that would be collected under this bill more closely mirror the cost of regulating and providing charters to State credit unions. DLLR advises that there are five financial examiners employed full time to examine 12 active and 2 inactive credit unions.

Small Business Effect: The department has determined that small businesses would experience a meaningful, positive impact because it would enable the State to continue to offer State charters and regulation to credit unions. Although Fiscal Services agrees that the impact would be meaningful, it does not agree that the impact would be wholly positive.

For 11 of the 12 State-chartered credit unions in the State this bill creates an increase in fees ranging from a doubling to nearly 22 times the level of current fees. Fiscal Services recognizes that for the smallest credit union the change in fee structure would represent a decrease in fees, and that the three largest credit unions would experience the most significant increase in fees. Although this is the case, the remaining eight credit unions, all small businesses, would also experience an increase in fees.

Information Source(s): Department of Labor, Licensing and Regulation (Office of Financial Regulation), Maryland Credit Union League

Fiscal Note History: First Reader - January 31, 1997
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