

Department of Legislative Services
 Maryland General Assembly
 2012 Session

FISCAL AND POLICY NOTE

Senate Bill 290

(Chair, Finance Committee)(By Request - Departmental -
 Labor, Licensing and Regulation)

Finance

Economic Matters

Financial Institutions - Savings Banks - Conversions

This departmental bill clarifies existing statute authorizing a mutual savings bank to convert to a capital stock savings bank with the approval of its members and the Commissioner of Financial Regulation. The bill requires the commissioner to charge and collect, in advance, an application fee of \$5,000 for the conversion. The commissioner must adopt regulations to govern the conversion.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: Special fund revenues likely increase by \$5,000 in FY 2013. The commissioner does not anticipate a significant number of conversions in subsequent years. No impact on expenditures because the office already performs these conversions with the existing staff.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
SF Revenue	\$5,000	-	-	-	-
Expenditure	0	0	0	0	0
Net Effect	\$5,000	\$0	\$0	\$0	\$0

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

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). Legislative Services concurs with this assessment.

Analysis

Bill Summary: Uncodified language in the bill specifies that it does not affect, modify, or invalidate the commissioner's ability to approve the conversion of a Maryland-chartered savings bank to a Maryland-chartered capital stock commercial bank or invalidate any such conversion consummated prior to the bill's effective date.

Current Law: A savings bank may already convert to a capital stock commercial bank under the State's "wild-card" statute, which authorizes a banking institution to engage in any activity, service, or other practice a national banking association is authorized to perform under federal law. The commissioner may grant approval of this activity, service, or other practice if the commissioner determines that approval is either reasonably required to protect both the general economy of the State and banking institutions or not detrimental to the public interest or to banking institutions. Any approval by the commissioner must impose the same conditions as mandated by the federal law.

Background: The commissioner reports that there are 45 Maryland-chartered capital stock commercial banks, 2 Maryland-chartered mutual savings banks, and 16 federally chartered mutual savings banks operating in Maryland.

There were no conversions in fiscal 2009 or 2010 and only one in fiscal 2011. The commissioner charged a general fee of \$50 for this conversion. The commissioner advises that setting the fee at \$5,000 will help defray the staffing costs incurred in overseeing conversions; one such conversion is anticipated in fiscal 2013.

Thus, the bill's fee provision is similar to other fees charged by the commissioner:

- an examination fee for a new commercial bank charter – \$15,000;
- a filing fee for an agreement of consolidation, merger, or transfer of assets between:
 - two commercial banks – \$3,000
 - among three or more commercial banks – \$5,000; and
- a fee for a conversion of a national banking association, a federal stock savings and loan association, or a federal stock savings bank into a commercial bank or a federal mutual savings bank into a savings bank – \$10,000 for filing and examination.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2012
ncs/ljm

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Financial Institutions – Savings Banks – Conversions

BILL NUMBER: SB 290

PREPARED BY: Department of Labor, Licensing and Regulation

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.