Overview

This bill deals with assessments by the department of commerce against financial institutions to cover department overhead attributable to regulating financial institutions. When the department does a financial examination of a financial institution, the department charges that institution for the examiner's time by the hour. In allocating the department's overhead costs among the different types of financial institutions, the department uses the number of hours spent examining that category (for instance, banks) to determine the percentage of overhead to be paid by each category. For instance, if examining credit unions as a group took 30 percent of the department's examination hours, the department will allocate 30 percent of its overhead to credit unions as a group. That 30 percent is then assessed against specific credit unions in proportion to the assets of the specific credit unions.

This bill would reduce the allocation of overhead to any category of financial institution by 50 percent if that category could receive alternating exams by federal examiners, but is currently examined only by the department. Currently, this affects only credit unions and would reduce their assessments for the department's overhead.

1 **Assessments; financial institutions.** Provides that the allocation of department of commerce overhead attributable to regulation of financial institutions must be allocated for purposes of assessment so as to reduce by 50 percent the allocation on industries that could be examined by federal regulators on an alternating basis, but are currently examined only by the department. Currently, this affects only credit unions. Provides that this reduced allocation must not lead to higher assessments on other industries. (This latter feature leads for the need for section 2.)

2 **Appropriation.** Appropriates money from the general fund to make up for the reduced assessment required under section 1.

3 **Repealer.** Repeals a department of commerce rule limiting the ability of credit unions to make
real estate loans that are not secured by a first mortgage.

**Effective dates.** Makes sections 1 and 2 effective July 1, 2000. Makes section 3 effective immediately.