HB 24-1351

Legislative Council Staff
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Fiscal Note

Drafting Number:	LLS 24-0559	**Date:**	March 5, 2024
Prime Sponsors:	Rep. Amabile; Lindstedt Sen. Lundeen; Priola	**Bill Status:**	House Business & Labor
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Bill Topic: **SUNSET DIVISION BANKING & BOARD**

Summary of Fiscal Impact:

☒ State Revenue ☐ State Transfer ☐ Local Government
☒ State Expenditure ☐ TABOR Refund ☐ Statutory Public Entity

Sunset bill. This bill continues the Division of Banking in the Department of Regulatory Agencies through September 1, 2033, which is scheduled to repeal on September 1, 2024. State fiscal impacts under the bill include both potential revenue increases and the continuation of the program's current revenue and expenditures.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1351[1]

New Impacts		**Budget Year FY 2024-25**	**Out Year FY 2025-26**
Revenue		-	-
Expenditures		-	-
Continuing Impacts			
Revenue	Cash Funds	-	$6,020,627
Expenditures[2]	Cash Funds	-	$6,020,627
	Continuing FTE	-	35 FTE
Other Budget Impacts	TABOR Refund	-	$6,020,627

1 Table 1 shows the new impacts resulting from changes to the program under the bill, and the continuing impacts from extending the program beyond its current repeal date. Because the bill continues a program without significant changes, there are no new impacts. The continuing program impacts will end if the bill is not passed and the program is allowed to repeal.

2 Continuing costs include an increase of $676,910 in cash fund expenditures and 5.0 FTE that has been approved by the Joint Budget Committee. Costs do not include the Money Transmitter Program, whose sunset is being considered under HB 24-1328.

Summary of Legislation

Under current law, the Division of Banking and the Banking Board within the Department of Regulatory Agencies (DORA) repeal September 1, 2024. This bill continues the division and board for nine years until September 1, 2033.

The bill also makes several changes including:

- requiring two members of the Banking Board to represent banks in the 40th percentile of state banks based on total asset size—currently the requirement is for these two members to represent state banks with less than $150 million in total assets;
- setting a deadline for banks and trust companies to report leadership changes to the division within 60 days;
- increasing the penalty for banks that fail to report certain information from $25 to $100, and the maximum penalty for violating any state law or regulation from $1,000 to $5,000;
- allowing the division to share information about state banks' and trust companies' compliance with certain financial crime laws with the federal government;
- allowing a credit union to purchase the assets and liabilities of a state bank;
- clarifying that a trust company must provide satisfactory evidence of its release and discharge of all trust-related obligation;
- requiring trust companies to review fiduciary accounts;
- removing the requirement that the commissioner mail reports after conducting an examination of a bank or trust company; and
- removing the requirement to file in triplicate when five or more individuals of a de novo bank desiring to organize or convert to a state bank.

Background

The Division of Banking oversees the regulation of 51 state banks and 9 state trust companies, as of 2022. More information about the division may be found the 2023 sunset report here.

Continuing Program Impacts

Based on the department's FY 2023-24 budget request, DORA is expected to have revenue and expenditures of $6.0 million to administer the Division of Banking. This amount includes an increase in cash fund expenditures and 5.0 FTE, which was approved by the Joint Budget Committee on February 16, 2024. The amount does not include the continuation of the Money Transmitter Program, which is being considered under House Bill 24-1328. If this bill is enacted, current revenue and expenditures will continue for the program starting in FY 2025-26. This continuing revenue is subject to the state TABOR limit. If this bill is not enacted, the program will end on September 1, 2025, following a wind-down period, and state revenue and expenditures will decrease starting in FY 2025-26 by the amounts shown in Table 1, above. The changes to the program that drive additional revenue are discussed in the State Revenue section below.

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State Revenue

Starting in FY 2024-25, the bill may increase state revenue from raising certain penalties. According to the sunset report, no civil penalties were issued against a state bank or a trust company from FY 2017-18 through FY 2021-22; therefore, any increased revenue from increased penalties is assumed to be minimal. Revenue is credited to the General Fund, and is subject to TABOR.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Judicial	Law	Regulatory Agencies

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the General Assembly website.