Fiscal Note & Local Impact Statement

127 th General Assembly of Ohio

Ohio Legislative Service Commission
77 South High Street, 9th Floor, Columbus, OH 43215-6136 ✧ Phone: (614) 466-3615
✧ *Internet Web Site:* http://www.lsc.state.oh.us/

BILL: **Sub. S.B. 247** DATE: **April 11, 2008**

STATUS: **As Passed by the Senate** SPONSOR: **Sen. Spada**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Makes changes in the Credit Union Regulation Law and requires criminal background checks for certain officials of financial institutions**

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010	FUTURE YEARS
General Reimbursement Fund (Fund 106) – Attorney General			
Revenues	Offsetting gain from background check fees	Offsetting gain from background check fees	Offsetting gain from background check fees
Expenditures	Increase corresponding to the number of license applicants	Increase corresponding to the number of license applicants	Increase corresponding to the number of license applicants

Note: The state fiscal year is July 1 through June 30. For example, FY 2008 is July 1, 2007 – June 30, 2008.

- The Attorney General's Bureau of Criminal Identification and Investigation (BCII) would be required to conduct criminal records checks on the persons covered in the bill. BCII charges a fee of $46 to process a combined state and federal background check. This revenue is deposited in the General Reimbursement Fund (Fund 106). Presumably, the fee would offset the cost of the background check.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Criminal records checks

In addition to the revisions to the Credit Union Law described below, the bill requires criminal background checks whenever the approval of the Superintendent of Financial Institutions is required for a person to serve as an organizer, incorporator, director, executive officer, or controlling person of a bank, savings and loan association, savings bank, money transmitter, credit union, or credit union share guaranty corporation. These persons would be subject to both state and national criminal records checks and would be required to pay the appropriate fees. The Attorney General's Bureau of Criminal Identification and Investigation (BCII) charges $22 to perform a state criminal records check and charges an additional $24 to obtain information from the FBI to perform a federal criminal records check. Thus, a request to perform both checks would cost $46. Presumably, this charge would offset the cost of performing the background checks required by the bill. The revenue would be deposited in the General Reimbursement Fund (Fund 106).

Credit union provisions – no direct fiscal effect

The bill modifies the Credit Union Law with respect to the voting rights of members, boards of directors, mergers, storage of electronic records and suspicious activity reports, and the Credit Union Council. For more detail concerning these provisions, please refer to the LSC Bill Analysis. None of these related provisions appear to have a direct fiscal effect on the state or local governments.

The bill specifically permits credit unions to provide safes, vaults, safe deposit boxes, and night depositories for members. According to the Ohio Credit Union League (OCUL), credit unions can currently offer safes, vaults, safe deposit boxes, or other receptacles to their members for rental fees. Consequently, there would be no fiscal effect on the asset-based supervisory fee charged to credit unions by the Department of Commerce's Division of Financial Institutions (DFI).

Finally, the bill sets forth record retention schedules for credit unions. DFI noted that record retention guidelines currently exist for credit unions. There would be no new administrative burden resulting from the records retention provisions, as DFI examiners currently review such records in the course of routine examinations.

LSC fiscal staff: Jason Phillips, Budget Analyst

SB0247SP/rh