

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0171
Prime Sponsor(s): Sen. Jahn
 Rep. Court

Date: February 21, 2013
Bill Status: Senate Business, Labor & Technology
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING CONTINUATION OF THE DIVISION OF FINANCIAL SERVICES.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
Cash Funds		
Division of Financial Services Cash Fund		\$1,385,613
State Expenditures		
Cash Funds		
Division of Financial Services Cash Fund		\$1,296,035
FTE Position Change		13.0 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

Under current law, the Division of Financial Services (division) in the Department of Regulatory Agencies (DORA) is set to expire after the current fiscal year. This bill implements the recommendation of the 2012 sunset review of the division by extending its statutory authority until September 1, 2024. The bill also eliminates obsolete provisions.

Fiscal Impact of Programs Set to Expire

This bill continues a program in DORA that is set to expire July 1, 2013. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2014-15, one year after the repeal date. Ongoing funding for the program is included in the department's base budget request for FY 2013-14.

Background

The division regulates credit unions, savings and loans, and financial aspects of continuing care retirement communities. The division oversees state charters for credit unions and savings and loans, and conducts examinations and supervision to ensure that regulated entities are compliant with applicable law. To provide sufficient cash funds for the division's activities, the state commissioner of financial services sets annual assessment rates for each of the three types of regulated entities, and collects this assessment at least semiannually.

The DORA base budget for FY 2013-14 includes \$1,385,613 and 13.0 FTE for the division, including \$89,578 for indirect cost assessments.

State Revenue

Beginning in FY 2014-15, the bill results in continued collection of \$1,385,613 cash fund revenue to the Division of Financial Services Cash Fund. The division will continue to collect annual assessments from regulated entities to cover its direct and indirect costs.

State Expenditures

Beginning in FY 2014-15, DORA's direct costs to continue the division are \$1,296,035. With continued funding for 13.0 FTE, the division will continue to examine and supervise regulated entities at the current level of service. Costs to the division are summarized in Table 1.

Table 1. Expenditures Under SB13-159		
Cost Components	FY 2013-14	FY 2014-15
Personal Services		\$1,134,247
FTE		13.0
Operating Expenses		161,788
TOTAL		\$1,296,035

This analysis assumes that indirect cost assessments of \$89,578 each fiscal year are not included in the direct appropriation to support the division.

Departments Contacted

Regulatory Agencies
Judicial

Revenue
Law

State Auditor