Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4688 (as reported without amendment)
Sponsor: Representative Gary L. Randall
House Committee: Commerce
Senate Committee: Financial Services

CONTENT

The bill would amend the Banking Code to reduce the minimum annual supervisory fee that each State-chartered bank is required to pay under the Code, and delete a provision allowing the Commissioner of the Financial Institutions Bureau (FIB) to assess a supplementary fee.

The Code requires that each State-chartered bank pay an annual supervisory fee of not less than 7-1/2 cents or more than 25 cents for each $1,000 of the gross amount of the assets of the bank, as determined by the FIB Commissioner. The bill, instead, would require an annual supervisory fee of not less than four cents or more than 25 cents for each $1,000 of the total assets of the bank, as reported by the bank on its report of condition for the previous year. The supervisory fee to be paid by a bank would have to be determined by the Commissioner. The supervisory fee for a bank that was a national bank or an association on December 31 of the previous year would have to be based on its total assets as reported by the bank in the report of condition for the previous year that was filed by the bank with its state of charter or Federal regulator. The supervisory fee for a bank that was not engaged in the business of banking on December 31 of the previous year would have to be the minimum supervisory fee established by the Commissioner. The Commissioner would have to invoice a supervisory fee no later than July 1 of each year; the fee would have to be paid by August 15 of that year.

Currently, a bank's supervisory fee cannot be more than $1,000, although the Commissioner may assess a supplementary fee when, in his or her judgment, the bank's records necessitate examination procedures over and above the normal procedures. The bill would retain the maximum annual supervisory fee, but would delete the Commissioner's authority to assess a supplementary fee.

MCL 487.325 et al. Legislative Analyst: P. Affholter

FISCAL IMPACT

This bill would enable the Financial Institutions Bureau to collect only the amount of revenue needed to examine and evaluate the records of banks and financial institutions regulated through the Banking Code. The reduction of the minimum annual supervisory fee from 7-1/2 cents to 4 cents for each $1,000 of total assets would permit the Commissioner to adjust all fees to reflect the large increase in Statewide assets that occurred when the National Bank of Detroit became a State bank. Total revenue is expected to be $6,229,100 in FY 1994-95 and $7,121,400 in FY 1995-96.

Date Completed: 5-26-95 Fiscal Analyst: K. Lindquist