

1 AN ACT relating to the Department of Financial Institutions.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 286.1-440 is amended to read as follows:

4 (1) **(a)** The commissioner shall appoint a sufficient number of examiners and  
5 assistant examiners to examine all institutions coming under the supervision  
6 of the department.

7 **(b)** A salary schedule for examiners and assistant examiners shall:

8 **1.** Be ~~established~~~~prepared~~ by the commissioner;

9 **2.** ***Be substantially equivalent to the salaries paid by the Federal Deposit***  
10 ***Insurance Corporation, Securities and Exchange Commission, and***  
11 ***other federal supervisory agencies of similar jurisdiction;***

12 **3.** ***Not be subject to the limitations of KRS 18A.110 or administrative***  
13 ***regulations promulgated thereunder specifically relating to***  
14 ***establishing or amending the compensation of examiners or assistant***  
15 ***examiners; and***

16 **4.** ***Not be subject to approval by the secretary of the Personnel Cabinet or***  
17 ~~and presented to~~ the secretary of the Finance and Administration  
18 Cabinet ~~for approval. In the event an advisory state banking board is~~  
19 ~~established by law, the appointment and compensation of examiners and~~  
20 ~~assistant examiners shall be with the advice of such board].~~

21 (2) The commissioner, the deputy commissioner, and each examiner shall take the  
22 constitutional oath of office.

23 (3) Neither the commissioner, nor the deputy commissioner, nor any examiner or  
24 assistant examiner shall be indebted directly or indirectly either as borrower,  
25 indorser, surety, or guarantor, to any bank or trust company under his supervision or  
26 subject to his examination, nor shall he or she be a director, officer or employee in  
27 such bank or trust company, nor engage or become interested in the sale of

1 securities as a business or in the negotiation of loans for others.

2 (4) No person shall be assigned to examine the affairs of any bank or trust company in  
3 a county in which he holds stock in either a state or national bank or trust company.

4 (5) The commissioner may enter into contracts with any bank supervisory agency that  
5 has concurrent jurisdiction over a state bank or the branch of an out-of-state state  
6 bank operating in this state to engage the services of the agency's examiners at a  
7 reasonable rate of compensation, or to provide the services of the commissioner's  
8 examiners to the agency at a reasonable rate of compensation. Any contract entered  
9 into pursuant to this subsection shall be deemed a sole source contract under the  
10 provisions of KRS 45A.095.

11 ➔Section 2. KRS 64.640 is amended to read as follows:

12 (1) Except as otherwise provided in subsection (2) of this section, and excepting  
13 officers elected by popular vote, employees of the General Assembly, including  
14 employees of the Legislative Research Commission, members of boards and  
15 commissions, those officers and employees of Kentucky Educational Television  
16 exempt from classified service as provided in KRS 18A.115, presidents and  
17 employees of the state universities and the state colleges, officers employed by the  
18 Department of Kentucky State Police under KRS Chapter 16, and persons  
19 employed by the commissioner of parks on a temporary basis under KRS 148.026,  
20 the Personnel Cabinet shall prepare schedules of compensation, payable out of the  
21 State Treasury, with a minimum salary rate, and other salary rates as are deemed  
22 necessary or advisable, for the office or position of employment of every state  
23 officer and employee, including specifically the offices and positions of  
24 employment in every constitutional administrative department, statutory  
25 administrative department, independent agency, board, commission, or other unit of  
26 state government. The language of any statute empowering a board, commission,  
27 authority, or other administrative body for which the Personnel Cabinet provides

1 personnel and payroll services, except for *examiners and assistant examiners of*  
2 *the Department of Financial Institutions*, any board governing any of the  
3 Kentucky Retirement Systems, the County Employees Retirement System, the  
4 Kentucky Public Pensions Authority, the Kentucky Higher Education Assistance  
5 Authority, the Kentucky Authority for Educational Television, or the Council on  
6 Postsecondary Education, to establish, set, or approve the salaries of its  
7 administrative head and other employees to the contrary notwithstanding, the  
8 establishment or setting of salaries for administrative heads or other employees  
9 shall be subject to the approval of the secretary of the Personnel Cabinet. The  
10 schedules and rates shall be based upon studies of the duties and responsibilities of  
11 the offices and positions and upon a comparison with rates being paid for similar or  
12 comparable services elsewhere, and in the preparation of such schedules, the  
13 Personnel Cabinet shall ascertain and record the duties, responsibilities, and  
14 authority pertaining to the various offices and positions in the state service, and  
15 classify such positions in the manner provided in KRS 18A.030, 18A.035, 18A.110,  
16 18A.130, 18A.135, and 18A.150 to 18A.160. No such schedule shall become  
17 effective until it has been approved by the Governor by executive order.

18 (2) The Governor shall set the compensation payable out of the State Treasury to each  
19 officer or position in the state service, which officer or position heads a statutory  
20 administrative department, independent agency, or other unit of state government,  
21 except for those excluded under subsection (1) of this section. Such compensation  
22 shall be based upon studies of the duties and responsibilities and classification of  
23 the positions by the Governor and upon a comparison with compensation being paid  
24 for similar or comparable services elsewhere, provided, however, such  
25 compensation shall not exceed the total taxable compensation of the Governor  
26 derived from state sources, the provisions of KRS 64.660 to the contrary  
27 notwithstanding. For the purposes of this section, the total taxable compensation of

1 the Governor from state sources shall include the amount provided for  
2 compensation to the Governor under KRS 64.480 and any benefits or discretionary  
3 spending accounts that are imputed as taxable income for federal tax purposes.

4 (3) The compensation payable out of the State Treasury to officers and employees  
5 subordinate to any office or position covered by subsection (2) of this section shall  
6 not exceed the maximum rate established pursuant to subsection (2) of this section  
7 for such office or position, except with respect to physicians as provided in KRS  
8 64.655 and employees of the Public Service Commission of Kentucky whose  
9 compensation shall be fixed, within constitutional limits, by the Personnel Cabinet  
10 with the approval of the Governor as provided in subsection (1) of this section.

11 (4) Nothing in this section shall preclude the allowance of maintenance to officers and  
12 employees of the state.