

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2087 - SB 2072

February 3, 2024

SUMMARY OF BILL: Requires the Department of Financial Institution's (DFI) annual budget attributable to the regulation and examination of public and private trust companies to be allocated and assessed among all public or private trust companies in proportion to each public trust company's total assets under the public trust company's administration. Specifies that assets must be weighted at 50 percent under certain circumstances. Updates the non-depository trust company fee model from an annual flat rate of \$1,000 per office operated by the trust, plus the actual expense of examination, to a budget-based model subject to a minimum fee of \$10,000 per any public trust. Establishes that the fee calculation structure for public trust companies is based on assets under that company's administration as reported by that company in their annual financial conditions report as of June 30 of the prior fiscal year. Authorizes the Commissioner of DFI to base the fee assessment on other information sources should the public trust company not provide the June 30 financial conditions report on July 1. Requires the fee to be paid into the state Treasury to be used by DFI solely for administrative expenses.

Increases the threshold, from \$250,000 to \$500,000, of parcel book value in which a bank may obtain a property evaluation in lieu of an appraisal when acquiring property to satisfy a loan. Increases the threshold, from \$100,000 to \$250,000, of parcel book value in which a bank is not required to obtain an appraisal or evaluation when acquiring property to satisfy a loan.

Revises the conditions under which the Commissioner of DFI is authorized to permit a person, corporation, partnership, or business entity to use the term "trust" and rescind such approval.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The changes made by the proposed legislation will require DFI to make updates to its annual fee assessment processes for banks and trust companies; any administrative changes can be handled within existing resources without a significant increase in state expenditures.
- According to DFI, changes to the fee assessments will result in a change to the allocation of fee expenditures among banks and trust companies; however, the total

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cumulative net impact of these changes will not result in any significant change to overall revenue to DFI.

- Any additional impacts will be borne by financial institutions and will not significantly impact state or local revenue, expenditures, or operations; therefore, any fiscal impact is estimated to be not significant.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- Some banks and trust companies will experience an increase in fees payable to DFI as a result of this legislation, while other banks and trust companies will experience a decrease in fees. The overall net impact on business expenditures statewide is estimated to be not significant. Any impact on jobs will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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