MAINE STATE LEGISLATURE

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115th WAINE LEGISLATURE

SECOND REGULAR SESSION-1992

Legislative Document

No. 2195

H.P. 1557

House of Representatives, January 23, 1992

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative HASTINGS of Fryeburg.

Cosponsored by Senator BRANNIGAN of Cumberland, Senator THERIAULT of Aroostook and Representative GARLAND of Bangor.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND NINETY-TWO

An Act to Revise the Basis for Semiannual Assessment on Financial Institutions.



Be it enacted by the People of the State of Maine as follows:

Sec. 1. 9-B MRSA §214, sub-§2, as amended by PL 1983, c. 201, § 1, is further amended to read:

2. Semiannual assessment on financial institutions.

To provide for the balance of the reasonable expenses incurred to fulfill the bureau's duty pursuant to this including general regulatory costs, overhead, and general office and administrative transportation, expenses, the superintendent shall assess semiannually each institution under financial his the superintendent's supervision at the annual rate of at least 7¢ 6¢ for each \$1,000 of the total of average deposits--and--deposit-like instruments assets, as defined by the superintendent, -- or share---accounts---and--deposit-like---instruments,--exeluding deposits-of-other-financial-institutions-and-deposits-of-the United-States-Government. The superintendent may raise the minimum assessment rate of 7¢-per 6¢ for each \$1,000 of the total of average deposits-and-deposit-like-instruments,-or share -- accounts -- and -- deposit -- like -- instruments assets by promulgating regulations rules pursuant to section 251 at such time as economic conditions warrant such an increase. In no event shall may the semiannual assessment be less than \$25.

B. For the period ending the last day of June in each year the assessment shall must be made on or before the first day of August next following and for the period ending the last day of December in each year the assessment shall must be made on or before the first day of February next following. The superintendent shall ferthwith immediately notify said the financial institution of such the assessment. The assessment so made shall must be paid semiannually to the Treasurer of State within 10 days next following the first days of August and February in each year.

Sec. 2. Application. The change in base and assessment rate from deposits and deposit-like instruments to assets provided for in section 1 of this Act begins with the assessment calculated for the 6-month period ending December 31, 1992.

STATEMENT OF FACT

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Present law imposes a semiannual assessment on state-chartered financial institutions based on average deposits and deposit-like instruments. Over the last several years, it has become apparent that other mechanisms, such as borrowings,

play an important role in the funding of financial institutions, particularly in times of deposit outflows. The present assessment mechanism does not recognize the increasing diversification of a bank's balance sheets. This bill provides for assessments based on total banking assets.

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This bill also changes the minimum annual rate of assessment to an amount that maintains the same minimum level of funding to the Bureau of Banking and provides for an increase in that minimum assessment rate through rulemaking. The law establishes a phase-in period with the 6-month period ending December 31, 1992 as the date that the asset-based assessment first applies.