

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5955 SB	<b>Title:</b> WA publicly owned trust	<b>Agency:</b> 102-Dept of Financial Institutions
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

**Non-zero but indeterminate cost. Please see discussion.**

**Estimated Expenditures from:**

**Non-zero but indeterminate cost. Please see discussion.**

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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OFM Review:	Phone:	Date:

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## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 5 Organizing Committee (4) states: "The department must provide technical assistance to the trust organizing committee."

Section 4 Commission (3) states: "The commission shall commence trust operations by July 1, 2015."

Section 12 Financial Oversight and Audit states: "The director may examine the trust in the same manner as a state-chartered financial institution under RCW 30.04.060. The director shall take into consideration the unique circumstances of a publicly owned financial institution when examining the trust. The trust shall pay the director for the reasonable costs of examinations."

The Fiscal Impact is not zero but indeterminate because we cannot estimate the size of assets for the trust and therefore cannot estimate with accuracy the cash receipts or expenditures due to inability to estimate the level of effort required to examine the trust.

The Department assumes providing technical assistance as requested by the trust organizing committee, including time spent providing technical assistance prior to the trust's opening.

The Department anticipates conducting a pre-opening examination; the purpose of which is to ensure that policies, processes, systems and procedures are sufficient for the trust to conduct a safe and sound operation upon its opening, and to provide management with guidance for future regulatory requirements and expectations of the trust. The Department estimates performing visitations during each of the first three years, as well as annual full scope Safety and Soundness and Information Technology examinations.

The Department anticipates conducting Safety and Soundness examinations of the trust in a manner that is consistent with its examination of state-chartered financial institutions under RCW 30.04.060. This is anticipated to include limited scope examinations (Visitation) after the trust's first six months of operations, as well as after 18 months and 30 months of operations. The purpose of the Visitations is to ensure that operations have commenced in a satisfactory manner, to provide guidance regarding the trust's operations, to follow up on any material exceptions noted in previous examinations and visitations, and to plan for the trust's full scope Safety and Soundness examinations.

Full scope Safety and Soundness examinations would be conducted within the first 12 months of the trust's opening, and every 12 months thereafter or more frequently if material issues need to be addressed. The examination would be similar in scope to that of a state chartered bank examination, with an emphasis placed on capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk (CAMELS). In addition, Information Technology examinations would be conducted.

Examination hours are expected to increase over time as the trust grows and additional loans and investments are made.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

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## **II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

## **Part III: Expenditure Detail**

## **Part IV: Capital Budget Impact**

NONE

## **Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

NONE