



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #305

GPR-Earned Reestimate (Financial Institutions)

CURRENT LAW

The Department of Financial Institutions (DFI) is generally organized into two programs: the supervision of financial institutions, securities regulation, and most other functions (Program 1); and the Office of Credit Unions (Program 2), which is attached to DFI for administrative purposes. Both programs lapse program revenue to the general fund, but the statutes provide different methods of determining the amounts to lapse.

Under Program 1, most program revenues generated by the Department are credited to the general program operations appropriation, except for revenue generated by the Division of Banking. For the Division of Banking, 88% of program revenue is deposited into the general program operations appropriation, and the remaining 12% is credited to the general fund as GPR-Earned. In addition, at the end of each year, any balance in the appropriation lapses to the general fund. Annually, \$200,000 of monies received under this appropriation is transferred to the Secretary of State.

Under Program 2, 88% of all monies received are credited to the Office of Credit Unions' general program operations appropriation, and the remaining 12% is credited to the general fund as GPR-Earned. At the end of each fiscal year, the amount of the balance exceeding 10% of the previous fiscal year's expenditures under the appropriation is lapsed to the general fund. The remainder is retained in the general program operations appropriation for the Office of Credit Unions.

GOVERNOR

Estimate total GPR-Earned from DFI to be \$59,381,600 in 2011-12 and \$58,313,200 in 2012-13, for a total of \$117,694,800 for the biennium.

Under separate provisions of the budget bill, the Governor proposes makes the following statutory changes to current law: (a) consolidate Program 2 into the appropriation for Program 1

and specify that program revenue generated by the Office of Credit Unions would accrue to the general program operations appropriation in the same manner as program revenue generated by the Division of Banking; (b) eliminate the 10% balance retained by the Office of Credit Unions; and (c) increase the amount of monies transferred to the Secretary of State from \$200,000 to \$325,000, annually.

MODIFICATION

Reestimate GPR-Earned from DFI at \$57,824,500 in 2011-12 and at \$57,732,700 in 2012-13, for a biennial total of \$115,557,200. As compared to the bill, the reestimate is lower by \$1,557,100 in the first year and \$580,500 in the second year, for a total reduction in the estimated lapse to the general fund of \$2,137,600.

Explanation: The estimates under the bill do not accurately reflect the lapses that would occur under the projected program revenue and expenditures for DFI. This modification accounts for a reduction in estimated revenues and corrects the lapse estimate. It should be noted that this estimate does not include \$1,417,500 and \$120,000 of annual revenues during the 2011-13 biennium that the Secretary of Administration would be required to lapse to the general fund under non-statutory provisions of the budget bill.

Change to Bill Revenue	
GPR	- \$2,137,600

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