NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 860 (Second Edition)

SHORT TITLE: Interstate Trust Business

SPONSOR(S): Senators Clodfelter, Warren, and Soles

FISCAL IMPACT

Yes (X) No () No Estimate Available (X)

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES see ASSUMPTIONS AND METHODOLOGY

EXPENDITURES

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: North Carolina State Banking Commission

EFFECTIVE DATE: This act becomes effective July 1, 2001, and applies to acts or omissions occurring and agreements or contracts entered into on or after that date.

BILL SUMMARY: This bill provides the statutory authority for the formation and regulatory oversight of non-bank trust companies and private family trust companies. This bill will conform North Carolina law to model legislation on interstate trust services recommended by the Conference of State Bank Supervisors.

ASSUMPTIONS AND METHODOLOGY: The assessment of state trust companies proposed in Part 4 of the bill (GS 53-368) is the same assessment that is now paid by trusts operating as "limited purpose banks". The four "stand alone" trust companies in the state (in Asheville, Burlington, Chapel Hill and Charlotte) pay a \$6,000 base fee plus \$1 per \$100,000 of assets under management. In assessments to be mailed in May 2000 for FY 2001-02, these four trusts will pay \$34,932. The passage of SB 860 will not change this assessment amount.

What cannot be estimated is the number of new trust companies that will be formed because of this act. The State Banking Commission has had two recent inquiries about creating "stand alone trusts". The Deputy Commissioner of Banks projects that four trust companies will be created over the next five years. Even if an influx of new trusts occurs, this does not necessarily create a windfall for the State Banking Commission. The Banking Commission reviews its revenues and expenditures each May and adjusts its fee schedule accordingly.

The Commission has reduced its rates each year for the last five years in an attempt to remain competitive with other states.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

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