

New Hampshire Banking Department

Budget Request Presentation

2022-2023 Biennium

The New Hampshire Banking Department (“NHBD”) is committed to protecting the public’s interest through the professional supervision of the financial services it regulates and thereby providing consumer protection in vibrant and competitive financial service markets.

1) Structure of the NHBD

- NHBD is organized into two divisions:
 - Banking and Trust Supervision Division – Accounting Unit 2046, which oversees 16 banks, 9 credit unions, 34 non-depository trust companies and 4 family trust companies.
 - Consumer Credit Division (CCD) – Accounting Unit 2043, which oversees several thousand licensed entities (i.e., mortgage bankers and brokers, small loan companies, money transmitters, etc.).
- NHBD has 54 Authorized positions, including 5 funded, vacant positions and 6 unfunded positions.
- NHBD is not seeking any additional positions in the 2022-2023 budget request.
- NHBD may consolidate and/or reclassify several existing positions in order to improve service to consumers and businesses, increase budget efficiency, and refocus existing positions in response to an increasing interest in the non-depository trust charter.

2) Department Funding

- The NHBD does not use any General or Federal Funds.
- 100% of NHBD revenues come from Other Sources – Agency Income.
- NHBD is funded entirely by fees and fines charged to the private businesses it regulates.

3) Efficiency Budget Figures

- Current fiscal year Adjusted Authorized expenses for both accounting units are \$6,646,153.¹
- Governor’s recommendation for 2022: \$6,424,143
- Governor’s recommendation for 2023: \$6,742,070
- The Department believes it will be able to perform its duties with the funding levels recommended by Governor Sununu’s proposed budget.

¹ The Banking Department’s budget details begin on page 325 of the Governor’s Operating Budget as available on the Legislative Budget Assistant’s website. ([GovernorsBudgetBill.pdf \(nh.gov\)](#))

Banking Department Response to Questions from Chairwoman Ober

1. What new full-time staff has been added to your budget?

The Banking Department's budget proposal does not create any new full-time staff positions.

2. What new part-time staff has been added to your budget?

The Department's budget proposal does not add any new part-time staff.

3. What positions had to be eliminated in order to meet the governor's budget requirements?

No positions are proposed for elimination in the Department budget proposal.

4. Is your agency adequately staffed to complete all work assigned to your agency in state law?

The Banking Department is adequately staffed to complete all work assigned to it. However, we may need to reassign staff within Accounting Unit 2046 and fill a vacant but funded position (Position #43625) in the Legal Division, primarily to be able to respond timely and adequately to an increasing number of applications for new trust company charters.

5. If the answer to Q. 4 is no, please describe.

a. If we cannot add adequate staffing, should we consider suspending that law for the biennium?

N/A

6. What things are you doing (found in state law) that could be eliminated and why?

The Bank Commissioner operates the New Hampshire Public Deposit Investment Pool (PDIP). Many states operate a public deposit investment pool, but New Hampshire is the only state that places the task with the Bank Commissioner.

The Bank Commissioner's operation of the PDIP creates a conflict of interest. The Department is charged with assuring that state-chartered banks and credit unions are healthy and operate in safe and sound manner. However, under RSA 383:22, the Bank Commissioner has a fiduciary duty to the governmental entities eligible to participate in the PDIP to seek a competitive rate of return on investments placed in the PDIP. To achieve that competitive rate of return, the Bank Commissioner must market the PDIP and encourage entities to deposit funds with the PDIP rather than with state-chartered entities.

Additionally, the state-chartered entities, with whom the PDIP competes, are subsidizing the cost of Department's involvement in the PDIP because under RSA 383:11, the Banking Department is entirely self-funded by examination and application fees and fines. Please see the answer to Question 8 for a proposed solution.

7. What priorities did you have that were not funded? Cost? Description? Impact of not funding?

None.

8. Please be prepared to discuss any HB2 sections that apply to your agency.

The Banking Department asks that Division I recommend the addition of the following language to HB 2, which will allow the Department to seek reimbursement of actual expenses incurred for the performance of management functions for the New Hampshire Public Deposit Investment Pool:

Amend RSA 383:22 as follows:

383:22 Public Deposit Investment Pool. –

- I. The commissioner shall, with the assistance of the advisory committee created under RSA 383:24, establish and operate, beginning on January 1, 1992, a public deposit investment pool, for the purpose of investing funds of the state, and funds under the custody of governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions and all other public units within or instrumentalities of the state.
- II. The public deposit investment pool shall be operated under contract with a private investment advisor, approved by the bank commissioner and advisory committee. The commissioner and advisory committee shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted by rule under RSA 383:23.
- III. The commissioner shall make available to prospective depositors detailed information on the public deposit investment pool, similar to that information generally contained in a securities prospectus. The commissioner shall also ensure that periodic statements of accounts and reports on holdings are provided to pool participants relative to their proportionate share of the pool.
- IV. The commissioner shall cause an independent audit of the pool to be conducted on an annual basis. The auditor shall be selected by the advisory committee.
- V. The commissioner shall charge the public deposit investment pool any actual costs incurred by the department for the operation of the pool as well as any expenses of department personnel assisting in the operation of the pool. The cost for personnel assisting in the operation of the pool shall be determined in accordance with the per diem examination charge established in RSA 383:11, I provided, however, that the requirement that no entity shall be charged or pay less than one full day shall not apply. The private investment advisor retained under paragraph II shall be responsible for processing any invoice submitted for the actual costs incurred by the department and the expenses of department personnel under this paragraph.*