

Agency Name Division of Banking, Department of Insurance & Financial Services

Rule #187—2.19(17A,524)

Iowa Code Section Authorizing Rule 524.213

State or Federal Law(s) Implemented by the Rule HF 688; Iowa Code sections 524.303, 524.312, 524.544, 524.802A, 524.1201, 524.1303, 524.1309, 524.1401, 524.1402, 524.1410, 524.1501, 524.1508, 524.1509

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

Date/Time: 12/13/2023 9:00 a.m.

Location: **Iowa Division of Banking, 200 E. Grand Ave., Suite 300, Des Moines, IA, 50309**

Any interested person may submit written comments concerning this regulatory analysis. Written comments in response to this regulatory analysis must be received by the Department no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Contact Name

Zachary D.A. Hingst

Address

200 East Grand Avenue, Suite 300, Des Moines, IA 50309

Email and/or phone number

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515-242-0332

Purpose and summary of proposed rule:

The proposed rule would formally adopt the existing required application fees in the Division’s rules regarding corporate applications for banks. This rule would codify the Division’s existing fees and fee amounts, which are already available on the Division’s website. This is intended to comply with the requirements of HF 688 that all fees that are not described in statute must be adopted by administrative rule.

Analysis of Impact of Proposed Rule

1. Persons affected by the proposed rule

- Classes of persons that will bear the costs of the proposed rule:

The cost of these application fees will be born by banks filing the corporate applications identified in the rule, including applications for new bank offices, mergers, amendments to

articles of incorporation, and other corporate applications requiring approval by the Superintendent of Banking.

- Classes of persons that will benefit from the proposed rule:

The proposed rule will benefit banks by codifying the applicable application fees for each of the identified applications.

2. Impact of the proposed rule, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred

- Quantitative description of impact:

Because the Division's application fees offset the amount the Division collects from banks via quarterly assessments, an amount the legislature specifically authorizes each year in the Administration and Regulation budget, the proposed rule will not increase the Division's total spending authorization. There would therefore be no economic or other change to the Division's operations. The Division also does not anticipate any broader economic or other impact as banks are long accustomed to the fee structure the proposed rule would adopt and these applications are voluntary, meaning banks that do not seek to undertake any of the covered corporate actions (e.g., merger, establishing/relocating bank branch, amending articles of incorporation) will incur no costs under the proposed rule.

- Qualitative description of impact:

The impact to banks should be zero, or minimal at most, as the proposed rule adopts the Division's existing fee structure for corporate applications. The rule therefore preserves the status quo and should have no practical impact on Iowa banks.

3. Costs to the state

- Implementation and enforcement costs borne by the agency or any other agency:

There are no anticipated implementation or enforcement costs to the IDOB associated with this rule as it merely adopts the IDOB's existing fee structure for corporate applications submitted by Iowa banks.

- Anticipated effect on state revenues:

There is no anticipated effect on state revenues as any application fees the IDOB collects from Iowa banks reduce the amount of the quarterly assessment paid by Iowa banks.

4. Comparison of the costs and benefits of the proposed rule to the costs and benefits of inaction

The cost of the proposed rule is that banks have to continue to pay the application fees that the Division currently requires, which reflect the fees the Division has charged for these applications for many years. The benefit of these fees is that they provide clarity and guidance to banks when filing applications and ensure that banks that have filed corporate applications requiring specific time and attention from Division staff bear a fair and proportionate amount of that cost rather than spreading that cost across all banks, including the large majority that have not filed any corporate applications. The cost of inaction would be lack of guidance for banks about the required fee amounts and, in the event no fee amounts are adopted, another cost would be that

banks that do not file corporate applications would effectively subsidize, via their quarterly assessments, the time and effort the Division spends reviewing the applications it does receive.

5. Determination if less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule

The less costly method available would be charging no application fees.

6. Alternative methods considered by the agency

- Description of any alternative methods that were seriously considered by the agency:

The Division has charged application fees for these corporate applications for many years and most recently reviewed the specific fee amounts in 2022. The Division concluded that those 2022 fee amounts remain appropriate.

- Reasons why they were rejected in favor of the proposed rule:

Because all application fee amounts the Division collects offset the amount of the quarterly assessment charged to all Iowa banks, the Division determined that it is appropriate to charge fees for these applications so that banks that submit applications that require more time and attention from the Division's staff bear a more proportionate share of those costs. The Division adopted the proposed fee amounts because they roughly correlate to the additional workload individual bank applications create for the Division's staff based on salary and other costs to the Division. This means that a bank that submits a corporate application that requires more time and attention from Division staff bear a fair amount of the cost of reviewing that application rather than fully spreading that cost across all banks, including those that have not submitted any applications, via the Division's quarterly assessments.

Small Business Impact

If the rule will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rule on small business:

- Establish less stringent compliance or reporting requirements in the rule for small business.
- Establish less stringent schedules or deadlines in the rule for compliance or reporting requirements for small business.
- Consolidate or simplify the rule's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rule for small business.
- Exempt small business from any or all requirements of the rule.

If legal and feasible, how does the rule use a method discussed above to reduce the substantial impact on small business?

The Division does not anticipate any impact on small businesses as this rule only applies to corporate applications filed by banks.

Text of Proposed Rule:

The following rule-making action proposed:

ITEM 1. Adopt the following new rule 187—2.19(17A,524) as follows:

187—2.19 (17A,524) Required fees. The following is a schedule of the fees for corporate applications filed by state banks adopted by the superintendent:

Establish a bank office:	\$2,000
Mobile bank office, courier service, or convenience office:	\$2,000
Relocate principal place of business:	\$1,050
Relocate a bank office:	\$1,000
Conversion to a state bank:	\$5,050 + examination fee
Merger:	
Two banks:	\$3,050
More than two banks (for each additional bank):	\$1,500
Bank holding company into state bank:	\$1,550
Voluntary dissolution:	\$5,550
Purchase and assumption of assets and liabilities:	\$3,000
New (de novo) state bank:	\$15,050
Reverse stock split:	\$2,050
Change in bank control:	\$1,000
Failure resolutions:	
Acquisition by de novo group:	\$5,500
Acquisition by existing bank, bank holding company, or experienced group:	\$3,000
Amendment or restatement of articles of incorporation:	
Review and file documents with Secretary of State not in conjunction with a pending application (example: amendments):	\$550
Review and file documents with Secretary of State in conjunction with a conversion to or merger with a national bank or thrift:	\$550
State bank merger into out-of-state bank or national bank:	\$505
Certificate of Good Standing or Proof of Official Records:	\$25