



• **Thank you for a Successful 2024 Session!**

• **Bills Passed**

- SB 155 – UCC Modernization Bill
- SB 158 – Settlements with Minors
- SB 349 – Energy Policy
- HB 15 – Consumer Data Privacy
- HB 88 – Unlawful Trade Practices
- HB 357 – MCC Codes
- HB 449 – School District Deposits
- HB 488 – Mortgage Modifications
- HB 726 – Bank Omnibus Bill



- **2025 Session Priorities**

- **Department of Financial Institutions Examiner Pay**
- **Renewal of New Market Tax Credits**
- **Extension of Historical Tax Credits**
- **Third-Party Tax Bill Cleanup**



## **Kentucky Examiner Salary Facts**

**Number of examiners leaving in last 3 years: 16**  
*(7 to regulatory agencies and 5 to the industry)*

**Average tenure of examiners leaving: 5 years**

**Average tenure for examiners leaving for a Federal agency: 7.79**

**Current vacancies: 8 as of 10/16**

**Full time staff for all of the depository department data *(both bank and credit union and includes managers)*: 49 resulting in a 16 percent vacancy rate.**

**Including bank and credit union examiners (excluding management), the depository branch has 33 field examiners and 10 of them have under 2 years of experience so 30 percent.**

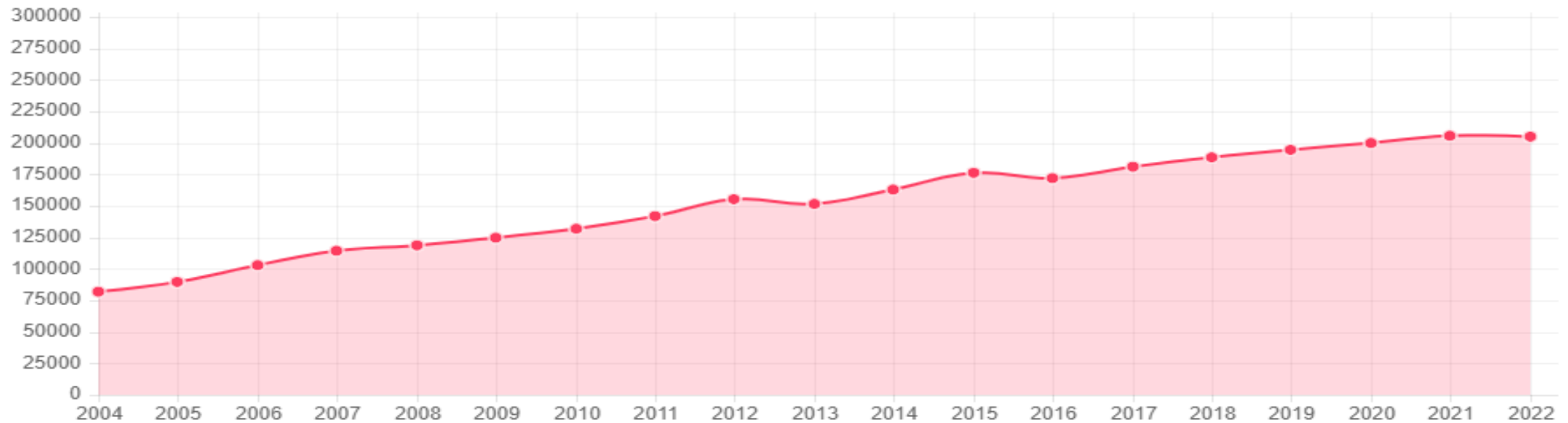


## Kentucky Examiner Salary Comparison

	KDFI	FDIC	Fed Reserve	OCC
Examiner 1	\$ 54,685.00	\$ 57,607.00	56,300-70,000	46,795-79,692
Examiner 2	\$ 63,368.00	\$ 68,463.00	71,600-91,300	58,242-107,930
Certified	\$ 72,783.00	\$ 81,337.00	83,300-110,000	81,012-150,826
Senior 1	\$ 80,055.00	\$ 98,593.00	93,200-121,200	104,658- 194,475
Field Supervisor	\$ 80,055.00	\$ 140,593.00	111,300-144,700	Not provided
Branch Manager	\$ 93,345.00	\$ 212,470.00	Not Provided	Not provided

## Average Securities Compliance Examining Pay Trend from 2004 to 2022

In 2004, the average pay for a Securities Compliance Examiner was \$81,824. Since then, the average pay has increased to \$204,931 in 2022.





## **New Market Tax Credits**

- 2024 Session House Bill 485
- The credit provides an incentive for investment in low-income communities. Investors receive a tax credit against their income tax.
- Limited to \$10 million per year by KRS 141.432 to 141.434



## **New Market Tax Credits**

- Kentucky Housing Corporation and Bowen National Research findings show housing shortages in 120 counties and 15 Area Development Districts
- Kentucky Banks look to fill gaps with new market tax credits and other programs

## Kentucky Housing Supply Gap Analysis

Kentucky is lacking the following housing for its residents:

### 206,207

**New Homes**

101,569



Rental

104,638



For-Sale



Current Housing Needs Broken Down By Area Median Income (AMI) Groups

\* Permanent Supportive Housing (PSH) - Housing that offers supportive services and typically includes project-based rental subsidies.





## Historical Tax Credits

- 2024 Session HB 699
- Creates a carry forward of 7 years
- Kentucky historic tax credits provide Kentucky communities the opportunity to rehabilitate historic structures that would otherwise remain in disrepair. However, since its statutory adoption in 2009 (KRS 171.397), a lot has changed.
- Building materials are scarcer, harder to obtain and more costly. Consequently, historic rehabilitation projects take longer to complete. The current strict statutory timelines to maintain tax credit eligibility make completing these projects nearly impossible.
- This amendment to KRS 171.397 will ensure that Kentucky rehabilitation projects are completed in the current environment while allowing Kentucky communities to receive favorable funding below market rates.

## **Tax Bill Cleanup**

- Most Counties Sell Tax Bills to Third Parties
- KRS 382.365 requires lienholders to release liens within 30 days of satisfaction
- KRS 382.365(4) change to delineate that notice come from the owner of the property



## Issues Opposed

- **2024 Session HB 452 – Social Credit Scores**
  - HB 452 creates a “social credit score”.
  - There is no such thing as a social credit score. There is not a formula and it is a made-up construct.
  - Banks have no opportunity to respond to “social credit score” violations.
  - There will be a trickledown effect that will hurt our banks and our communities



## Issues Opposed

- **2024 Session HB 474 – ESG Investments**
  - Banks chartered by the OCC and Federal Reserve are on the verge of being regulated on their “ESG footprints” and investments. This will likely extend to other regulators and other banks due to interagency discussion.
  - These are smaller community banks; not just large ones.
  - This will leave banks choosing between complying with state law or prudential regulators.
  - These banks are not pro-ESG but must follow the rules of prudential regulators.
  - While we take no stance on social issues, we must stop this bill to protect our industry from an untenable position

## Issues Opposed

- **Interchange**

- Retailers are pressing to reduce interchange fees on banks at state level as a “discount”
- Research shows 93% of consumers are happy with their credit and debit cards. These requirements put at risk customer benefits such as airline miles, cash back, and travel points
- Consumers use cards because they are quick, convenient, and significantly reduce the opportunity for fraud as compared to cash or check transactions. These card benefits are all compromised with the proposed change to the card processing system



## Issues Opposed

- **Interchange**

- Visa, Mastercard, Discover and banks, including community banks, make money by charging the "interchange fee" that the seller pays to the credit card companies to underwrite the service costs of each transaction. Usually these fees are equal to between 1.5 to 2% of the dollar amount on the receipt
- These fees cover the cost of nonpayments and fraud
- If this is changed, banks will have to discontinue services