

## State Corporation Commission 2004 Fiscal Impact Statement

**1. Bill Number** SB564

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**        Stosch

**3. Committee**   Commerce and Labor

**4. Title**           Uniform Securities Act.

**5. Summary/Purpose:**

Uniform Securities Act. Repeals the current Securities Act and replaces it with the Uniform Securities Act, which as of January 1, 2004, had been adopted by two states. Much of the bill does not differ substantially from the way the State Corporation Commission currently regulates securities activity. However, there are several major differences including differences relating to (i) electronic records and signatures, (ii) securities registration, (iii) registration of broker-dealers, agents, investment advisors, and investment advisor representatives, and (iv) fraud and liabilities.

**6. Fiscal Impact Estimates are:**

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04			
2004-05	52,000		Special Funds (SF)

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04			
2004-05	-250,000		SF
2005-06	-262,500		SF
2006-07	-275,625		SF
2007-08	-289,406		SF
2008-09	-303,877		SF
2009-10	-319,070		SF

**7. Budget amendment necessary:** No budget amendment is necessary. Patron will request that the bill be carried over to the 2005 General Assembly.

**8. Fiscal implications:** If the bill is passed as drafted it is estimated to cost \$52,000 to modify current computer systems to recognize investment advisor representative registrations and renewal without corresponding revenue. Further, the bill as proposed will cause a revenue shortfall for certain investment advisor representatives who are also registered as broker-dealer agents.

If the bill is amended as recommended State Corporation Commission the above expenditures and loss of revenue will be eliminated.

**9. Specific agency or political subdivisions affected:** State Corporation Commission's Division of Securities & Retail Franchising and Bureau of Financial Institutions, and the Virginia Housing Development Authority may be affected if the bill as proposed is enacted.

**10. Technical amendment necessary:** Yes, it is estimated to take a year to redraft the Uniform Securities Act to provide key provisions contained in the Virginia Securities Act and to study the impact upon the industry and consumer protections. The patron had indicated the bill will be carried over for study and redrafting.

**11. Other comments:** None

**Date:** 01/22/04 / TMG

Secretary of Commerce and Trade