

State Corporation Commission 2015 Fiscal Impact Statement

1. Bill Number: HB1360

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Taylor

3. Committee: Passed Both Houses

4. Title: Securities Act; crowdfunding exemption.

5. Summary: Securities Act; crowdfunding exemption. Creates an exemption from the securities, broker-dealer, and agent registration requirements of the Securities Act for any security issued by a Virginia entity if (i) the offering is conducted in accordance with the federal exemption for intrastate offerings in § 3(a)(11) of the Securities Act of 1933 and Securities Exchange Commission Rule 147; (ii) the offer and sale are made only to Virginia residents; (iii) the aggregate price of the securities offered under the exemption does not exceed \$2 million or such other amount as the State Corporation Commission (SCC) establishes by rule or order; (iv) the maximum amount that may be invested by a purchaser who is not an accredited investor is \$10,000 or such other amount as the SCC establishes by rule or order; (v) compensation is not paid to employees, agents, or other persons for the solicitation or based on the sale of such securities unless they are registered as a broker-dealer or agent, except as permitted by the SCC; (vi) neither the issuer nor any related person is subject to disqualification; and (vii) the security is sold in an offering conducted in compliance with conditions established by rule or order of the SCC, which may include requirements that proceeds from purchasers be placed in escrow in a depository institution located in the Commonwealth. The SCC may assess a filing fee not to exceed \$500. The SCC is required to report annually on the implementation of the measure. The measure will expire on July 1, 2020.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Final. See Item 8.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015			
2016	\$68,549	1	206
2017	\$58,549	1	206
2018	\$62,724	1	206
2019	\$62,724	1	206
2020	\$62,724	1	206
2021	\$62,724	1	206

- 8. Fiscal Implications:** The State Corporation Commission will need to budget one associate auditor position to be hired in FY 2017. Salary plus benefits are estimated to be \$58,549 plus \$10,000 for training and office equipment. Within two years of employment an associate is expected to be reallocated to auditor with salary plus benefits of \$62,724.
- 9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission and the Commission's Securities and Retail Franchising Division
- 10. Technical Amendment Necessary:** No
- 11. Other Comments:** Also see Senate Bill 763.

RWT, 3/10/15