

State Corporation Commission 2015 Fiscal Impact Statement

1. **Bill Number:** HB1623

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron:** Davis

3. **Committee:** Commerce and Labor

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, who are not 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. The SCC may assess a filing fee not to exceed \$500.

6. **Budget Amendment Necessary:** No

7. **Fiscal Impact Estimates:** Preliminary

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:
Securities and Retail Franchising Division of the State Corporation Commission

10. Technical Amendment Necessary: No

11. Other Comments: None

RWT, January 12, 2015