

## State Corporation Commission 2014 Fiscal Impact Statement

**1. Bill Number:** SB351

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

**2. Patron:** Edwards

**3. Committee:** Commerce and Labor

**4. Title:** Securities Act; Invest in Virginia Exemption.

- 5. Summary:** Securities Act; Invest in Virginia Exemption. Creates an exemption from the securities, broker-dealer, and agent registration requirements of the Securities Act for an offer or sale of a security by an issuer, or an individual who represents an issuer in an offer or sale, if (i) the issuer of the security is a for-profit business entity formed under the laws of the Commonwealth; (ii) the transaction meets the requirements of the federal exemption for intrastate offerings in section 3(a)(11) of the Securities Act of 1933, 15 U.S.C. § 77c(a)(11), and 17 C.F.R. § 230.147; (iii) the sum of all cash and other consideration to be received for all sales of the security in reliance upon this exemption does not exceed \$2 million, less the aggregate amount received for all sales of securities by the issuer within the 12 months preceding the first offer or sale made in reliance upon this exemption; (iv) the issuer does not accept more than \$10,000 from any single purchaser unless the purchaser is an accredited investor as defined by 17 C.F.R. § 230.501; (v) all funds received from investors are required to be deposited into a bank or depository institution authorized to do business in the Commonwealth and used in accordance with representations made to investors; (vi) the issuer files a notice with the State Corporation Commission specifying that the issuer is conducting an offering in reliance upon this exemption and containing the names and addresses of the issuer, all persons who will be involved in the offer or sale of securities on behalf of the issuer, and the bank or other depository institution in which investor funds will be deposited; (vii) the issuer shall not be an investment company or subject to certain reporting requirements of the Securities Exchange Act of 1934; and (viii) the issuer informs all purchasers that the securities have not been registered and are subject to limitations on resales.

**6. Budget Amendment Necessary:** Yes

**7. Fiscal Impact Estimates:** Preliminary; see Item 8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014	112,324	2	0217/206
2015	107,112	2	0217/206
2016	121,230	2	0217/206
2017	120,630	2	0217/206
2018	123,230	2	0217/206
2019	120,630	2	0217/206
2020	120,630	2	0217/206

- 8. Fiscal Implications:** The State Corporation Commission will receive inquiries and complaints that will substantially increase investigations. Two additional investigators will be needed to carry out the provisions of this bill.

**9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission

**10. Technical Amendment Necessary:** No

**11. Other Comments:** Also see House Bill 880.