

State Corporation Commission 2015 Fiscal Impact Statement

1. Bill Number: SB763

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

2. Patron: Edwards

3. Committee: Senate Floor

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. 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: Preliminary. 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:**
Securities & Retail Franchising Division of the State Corporation Commission
- 10. Technical Amendment Necessary:** No
- 11. Other Comments:** None

RWT, February 12, 2015