

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0198
Prime Sponsor(s): Sen. Holbert
 Rep. Lee

Date: February 3, 2015
Bill Status: Senate Finance
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: SUNSET COLORADO DIVISION OF SECURITIES

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017	
This bill continues a program that would otherwise end July 1, 2015, so the fiscal note shows the new and continuing fiscal impacts.	New	New	Continuation
State Revenue	\$0	\$4,350,000	
Cash Funds	0	0	\$4,350,000
State Expenditures	\$0	\$4,576,000	
Cash Funds	0	0	4,576,000
FTE Position Change	0.0	0	24.0 FTE
Appropriation Required: None.			

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

This bill implements the recommendations from the 2014 sunset review for the Division of Securities conducted by the Department of Regulatory Agencies (DORA). The recommendations include:

- continuing the Division of Securities from July 1, 2015, until September 1, 2026, following a sunset review;
- repealing the \$25 license fee cap for sales representatives and investment advisor representatives; and
- making technical changes to conform with federal law, current practices, conventions, and technology.

Background

The Securities Commissioner, the Division of Securities, and the 5-member Securities Board provide regulatory oversight over the securities industry in Colorado. The division registers securities (unless exempt); conducts fraud investigations; and licenses securities broker-dealers and sales representatives, investment advisors, and investment advisor representatives. Securities are financial instruments that include stocks, bonds, and options.

The division licenses approximately 2,000 broker-dealers , 170,000 sales representatives, 700 investment advisors, and 11,000 investment advisor representatives.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the DORA that is set to repeal effective July 1, 2015. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2016-17, one year after the repeal date. There is no need for an appropriation of the \$4,576,000 base funding and 24 FTE in FY 2015-16, since the program's authorization has not yet expired, and ongoing funding for the program is included in the department's base budget request for FY 2015-16. The anticipated base revenue from licensing fees is approximately \$4,350,000.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Law Regulatory Agencies