

HOUSE BILL NO. 634

INTRODUCED BY LORY, CONNELLY, QUILICI, KEATING

BY REQUEST OF THE SECURITIES DIVISION
OF THE STATE AUDITOR'S OFFICE

IN THE HOUSE

February 2, 1985	Introduced and referred to Committee on State Administration.
February 4, 1985	Fiscal Note requested.
February 7, 1985	Fiscal Note returned.
February 13, 1985	Rereferred to Committee on Business and Labor.
February 19, 1985	Committee recommend bill do pass. Report adopted. Bill printed and placed on members' desks.
February 20, 1985	Second reading, do pass.
February 21, 1985	Considered correctly engrossed.
February 22, 1985	Third reading, passed. Transmitted to Senate.

IN THE SENATE

March 4, 1985	Introduced and referred to Committee on State Administration.
March 18, 1985	Rereferred to Committee on Finance and Claims.
March 26, 1985	Committee recommend bill be concurrent in. Report adopted.

March 29, 1985

Second reading, concurred in.

March 30, 1985

Third reading, concurred in.
Ayes, 25; Noes, 24.

Returned to House.

IN THE HOUSE

March 30, 1985

Received from Senate.

Sent to enrolling.

Reported correctly enrolled.

1 registration and \$200 for each annual renewal.

2 (b) For registration of a salesman, the fee shall be

3 \$50 for original registration with each employer, \$50 for

4 each annual renewal, and \$50 for each transfer.

5 (c) When an application for registration as a

6 broker-dealer, salesman, or investment adviser is denied or

7 withdrawn, the commissioner shall retain the fee.

8 (d) For filing posteffective amendments to a

9 registration of a broker-dealer, salesman, or investment

10 adviser, the fee shall be \$10, except that there is no fee

11 for filing an address change of a salesman or a notice of

12 disciplinary action.

13 (3) For certified copies of any documents filed with

14 the commissioner, the fee shall be the cost to the

15 department.

16 (4) For a request for an exemption under

17 30-10-105(16), the fee shall be established by the

18 commissioner by rule. For a request for any other exemption,

19 the fee shall be \$50.

20 (5) All fees, examination charges, and miscellaneous

21 charges, except fines or penalties, collected by the

22 commissioner pursuant to parts 1 through 3 of this chapter

23 and the rules adopted hereunder must be deposited into the

24 securities regulatory trust account, pursuant to [sections 2

25 through 5].

1 (6) All fines and penalties collected by the

2 commissioner pursuant to parts 1 through 3 of this chapter

3 and the rules adopted hereunder must be deposited into the

4 general fund."

5 NEW SECTION. Section 2. Securities regulatory trust

6 account. (1) There is created in the state special revenue

7 fund an account designated as the "securities regulatory

8 trust account" into which all fees, examination charges, and

9 miscellaneous charges received by the commissioner pursuant

10 to parts 1 through 3 of this chapter must be deposited.

11 (2) The money received and deposited in the securities

12 regulatory trust account may be paid out of the treasury

13 only on appropriation made by the legislature, as provided

14 in 17-B-101, and may be used only to defray the expenses of

15 the commissioner and his staff in the discharge of their

16 administrative and regulatory powers and duties as

17 prescribed by law, subject to the applicable laws relating

18 to the appropriation of state funds and to the deposit and

19 expenditure of state money. The commissioner is responsible

20 for the proper expenditure of this money as provided by law.

21 (3) Any cash balance remaining in the securities

22 regulatory trust account after all current fiscal year

23 expenditures are met must be transferred to the general

24 fund.

25 NEW SECTION. Section 3. Securities regulatory trust

1 account investment. (1) It is the responsibility of the
 2 commissioner, charged with the administration of the
 3 securities regulatory trust account, to make money in the
 4 account available for investment as fully as is consistent
 5 with the cash requirements of the account and to authorize
 6 investment of the account by the board of investments
 7 pursuant to Title 17, chapter 6, part 2.

8 (2) At least monthly, and more often as circumstances
 9 require, the commissioner shall notify the board of
 10 investments of the amount in the account available for
 11 investment, and that amount must be invested by the board of
 12 investments pursuant to Title 17, chapter 6, part 2. The
 13 notification must include the name and number of the account
 14 and the term of the investment if the principal sum is
 15 required for meeting obligations.

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 17 account must be paid into the securities regulatory trust
 18 account.

19 NEW SECTION. Section 4. Securities regulatory trust
 20 account deficiency. Whenever there exists in the securities
 21 regulatory trust account a deficiency that would render the
 22 account insufficient to meet the securities division's
 23 funding requirements, the state treasurer may order a
 24 transfer of money from another fund in the state treasury to
 25 the securities regulatory trust account in order to meet the

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 2 money and paying interest thereon. The fund from which any
 3 money is transferred must be repaid the amount transferred
 4 from it not later than the end of the fiscal year in which
 5 the transfer is made or the date of repayment specified in
 6 the order of the state treasurer.

7 NEW SECTION. Section 5. Appropriation and use of
 8 money -- transition period. Nothing in [sections 2 through
 9 5] or 30-10-209 prevents continuing the practice of paying
 10 any of the direct or indirect expenses incurred by the
 11 commissioner or his staff, including but not limited to
 12 those involving salaries, retirement, social security
 13 contributions and state-paid insurance premiums of state
 14 officers and employees, or any other expenses, by
 15 appropriations from the general fund. However, the general
 16 fund must be reimbursed for any such payments made on or
 17 after July 1, 1985. Such reimbursements and any money
 18 transferred to the securities regulatory trust account in
 19 connection with the initial funding of the securities
 20 regulatory trust account must be repaid by transfer from the
 21 securities regulatory trust account to the general fund no
 22 later than the end of the next fiscal year.

23 NEW SECTION. Section 6. Codification instruction.
 24 Sections 2 through 5 are intended to be codified as an
 25 integral part of Title 30, chapter 10, parts 1 through 3.

LC 1537/01

1 NEW SECTION. Section 7. Extension of authority. Any
2 existing authority of the securities commissioner to make
3 rules on the subject of the provisions of this act is
4 extended to the provisions of this act.

5 NEW SECTION. Section 8. Effective date. This act is
6 effective July 1, 1985.

-End-

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 325-85

Form BD-15

In compliance with a written request received February 4, 19 85, there is hereby submitted a Fiscal Note for House Bill 634 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 634 creates a state special revenue account for funding the operations of the Securities Division of the State Auditor's Office. All fees, examination charges and miscellaneous charges collected by the division are to be deposited in the state special revenue account.

ASSUMPTIONS:

1. All fees collected under 30-10-209, MCA, except fines and penalties will be deposited in the state special revenue fund designated as the "securities regulatory trust account".
2. All monies received in the state special revenue fund designated as the "securities regulatory trust account" may be paid out of the treasury only on appropriation by the legislature.
3. Monies appropriated by the legislature out of the securities regulatory trust account will be used to support direct and indirect operating expenses of the commissioner and her staff.
4. Any cash balance remaining in the securities regulatory trust account after all current fiscal year expenditures are met must be transferred to the general fund.

David L Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 7, 1985

FISCAL IMPACT:

	Current	<u>FY 1986</u>	Current	<u>FY 1987</u>
	<u>Law</u>	<u>Proposed</u>	<u>Law</u>	<u>Proposed</u>
		<u>Law</u>		<u>Law</u>
<u>Revenue:</u>				
General Fund	\$1,500,000	-0-	\$1,650,000	-0-
State Special Revenue	-0-	\$1,500,000	-0-	\$1,650,000
<u>Expenditures:</u>				
General Fund	\$ 265,888	-0-	\$ 266,684	-0-
State Special Revenue	-0-	\$ 265,000	-0-	\$ 266,684

Although there is no net impact on the general fund, the balance of funds in the state special revenue fund, after appropriation, does not revert to the general fund until the end of the fiscal year and is therefore not available for appropriation in other areas.

RE-REFERRED AND APPROVED BY COMM. ON BUSINESS AND LABOR

1 HOUSE BILL NO. 634
2 INTRODUCED BY Tony Connelly, District
3 BY REQUEST OF THE SECURITIES DIVISION
4 OF THE STATE AUDITOR'S OFFICE

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6 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A SPECIAL
7 REVENUE ACCOUNT FOR FUNDING THE OPERATIONS OF THE SECURITIES
8 DIVISION OF THE STATE AUDITOR'S OFFICE; PROVIDING FOR
9 DEPOSIT IN THE ACCOUNT OF FEES, EXAMINATION CHARGES, AND
10 MISCELLANEOUS CHARGES COLLECTED BY THE DIVISION; PROVIDING
11 THAT FINES AND PENALTIES COLLECTED BY THE DIVISION ARE TO BE
12 DEPOSITED INTO THE GENERAL FUND; AMENDING SECTION 30-10-209,
13 MCA; AND PROVIDING AN EFFECTIVE DATE."

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 Section 1. Section 30-10-209, MCA, is amended to read:

17 "30-10-209. Fees. The following fees shall be paid in
18 advance under the provisions of parts 1 through 3 of this
19 chapter:

20 (1) (a) For the registration of securities by
21 notification, coordination, or qualification, there shall be
22 paid to the commissioner for the first year of registration
23 a registration fee of \$200 for the first \$100,000 of initial
24 issue or portion thereof in this state, based on offering
25 price, plus 1/10 of 1% for any excess over \$100,000, with a

1 maximum of \$1,000.

2 (b) Each year thereafter, a registration of securities
3 may be renewed, prior to its termination date, for an
4 additional year upon consent of the commissioner and payment
5 of an additional registration fee to be computed at 1/10 of
6 1% of the aggregate offering price of such securities which
7 are to be offered in this state during that year, even
8 though the maximum fee was paid the preceding year. In no
9 event shall the additional registration fee be less than
10 \$200 or more than \$1,000. The registration statement for
11 such securities may be amended to increase the amount of
12 securities to be offered.

13 (c) A registration of securities may be renewed after
14 its termination date upon payment of the additional
15 registration fee and a late renewal fee of \$50. The late
16 renewal fee may be waived by the commissioner upon a showing
17 of good cause.

18 (d) For filing an annual statement, a posteffective
19 amendment to a registration of securities, or a name change,
20 the fee shall be \$10.

21 (e) When an application for registration of securities
22 is denied or withdrawn, the commissioner shall retain the
23 fee.

24 (2) (a) For registration of a broker-dealer or
25 investment adviser, the fee shall be \$200 for original



1 registration and \$200 for each annual renewal.

2 (b) For registration of a salesman, the fee shall be
3 \$50 for original registration with each employer, \$50 for
4 each annual renewal, and \$50 for each transfer.

5 (c) When an application for registration as a
6 broker-dealer, salesman, or investment adviser is denied or
7 withdrawn, the commissioner shall retain the fee.

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12 disciplinary action.

13 (3) For certified copies of any documents filed with
14 the commissioner, the fee shall be the cost to the
15 department.

16 (4) For a request for an exemption under
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18 commissioner by rule. For a request for any other exemption,
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21 charges, except fines or penalties, collected by the
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10 to parts 1 through 3 of this chapter must be deposited.

11 (2) The money received and deposited in the securities
12 regulatory trust account may be paid out of the treasury
13 only on appropriation made by the legislature, as provided
14 in 17-8-101, and may be used only to defray the expenses of
15 the commissioner and his staff in the discharge of their
16 administrative and regulatory powers and duties as
17 prescribed by law, subject to the applicable laws relating
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