

SENATE BILL NO. 314

INTRODUCED BY CHRISTIAENS, TOWE,  
KADAS, BIANCHI, WANZENRIED, QUILICI, HARP,  
CRIPPEN, WILSON, FRITZ, MCCULLOCH  
BY REQUEST OF THE STATE AUDITOR

IN THE SENATE

FEBRUARY 4, 1993                   INTRODUCED AND REFERRED TO COMMITTEE  
ON BUSINESS & INDUSTRY.

                                      FIRST READING.

MARCH 18, 1993                    COMMITTEE RECOMMEND BILL  
DO PASS. REPORT ADOPTED.

MARCH 19, 1993                    PRINTING REPORT.

                                      SECOND READING, DO PASS.

MARCH 20, 1993                    ENGROSSING REPORT.

                                      THIRD READING, PASSED.  
AYES, 41; NOES, 0.

                                      TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 22, 1993                    INTRODUCED AND REFERRED TO COMMITTEE  
ON HUMAN SERVICES & AGING.

                                      FIRST READING.

                                      ON MOTION, REREFERRED TO COMMITTEE  
ON BUSINESS & ECONOMIC DEVELOPMENT.

MARCH 26, 1993                    COMMITTEE RECOMMEND BILL BE  
CONCURRED IN AS AMENDED. REPORT  
ADOPTED.

MARCH 30, 1993                    SECOND READING, CONCURRED IN.

APRIL 1, 1993                    THIRD READING, CONCURRED IN.  
AYES, 82; NOES, 17.

                                      RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 5, 1993

SECOND READING, AMENDMENTS  
CONCURRED IN.

APRIL 6, 1993

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.



1 fails to file an amendment before the expiration date of the  
 2 registration order, he the registrant shall pay a filing fee  
 3 for the excess sales of three times the amount calculated in  
 4 the manner specified in subsection (1)(b). Registration of  
 5 the excess securities is effective retroactively to the date  
 6 of the existing registration.

7 (d) Each series, portfolio, or other subdivision of an  
 8 investment company or similar issuer is treated as a  
 9 separate issuer of securities. The issuer shall pay a  
 10 portfolio registration fee to be calculated as provided in  
 11 subsections (1)(a) through (1)(c). The portfolio  
 12 registration fee collected by the commissioner must be  
 13 deposited in the state special revenue account provided for  
 14 in 30-10-115.

15 (2) (a) For registration of a broker-dealer or  
 16 investment adviser, the fee ~~shall be~~ is \$200 for original  
 17 registration and \$200 for each annual renewal.

18 (b) For registration of a salesman or investment  
 19 adviser representative, the fee ~~shall be~~ is \$50 for original  
 20 registration with each employer, \$50 for each annual  
 21 renewal, and \$50 for each transfer.

22 (3) For certified or uncertified copies of any  
 23 documents filed with the commissioner, the fee ~~shall be~~ is  
 24 the cost to the department.

25 (4) For a request for an exemption under 30-10-105(15),

1 the fee ~~shall~~ must be established by the commissioner by  
 2 rule. For a request for any other exemption or an exception  
 3 to the provisions of parts 1 through 3 of this chapter, the  
 4 fee ~~shall be~~ is \$50.

5 (5) All fees are considered fully earned when received.  
 6 In the event of overpayment, only those amounts in excess of  
 7 \$10 may be refunded.

8 (6) ~~All~~ Except for portfolio registration fees  
 9 established in this section, all fees, examination charges,  
 10 miscellaneous charges, fines, and penalties collected by the  
 11 commissioner pursuant to parts 1 through 3 of this chapter  
 12 and the rules adopted hereunder under parts 1 through 3 of  
 13 this chapter must be deposited in the general fund."

-End-

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0314, as introduced.

**DESCRIPTION OF PROPOSED LEGISLATION:** An act treating each series, portfolio, or other subdivision of an investment company or similar issuer as a separate issuer of securities; requiring each subdivision to pay a portfolio registration fee.

**ASSUMPTIONS:**

1. Currently, there are 525 investment companies registered in Montana, with approximately 2,000 individual portfolios.
2. Portfolios with no sales activity will not register under the proposed law.
3. The estimated incremental increase in registrations will be 600 annually. State special revenue to be derived from these registrations is \$120,000 (600 x \$200).
4. The Securities Program in the State Auditor's Office will conduct a merit review of each portfolio registered and will maintain the necessary files for enforcement. It is assumed that the additional workload will require an additional 2.00 FTE: 1.00 Grade 14 and 1.00 Grade 10. The positions and associated expenses will be funded by the state special revenue obtained from the portfolio registration fees.
5. It is assumed that the ending balances in the state special revenue account will remain in the account and will not be transferred to the general fund. The June 30, 1995, balance in the account is estimated to be \$100,768.

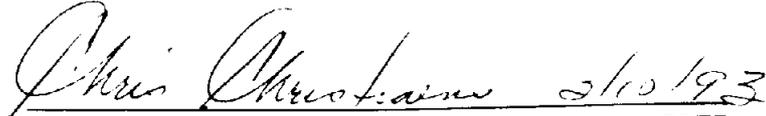
**FISCAL IMPACT:**

State Auditor-Securities Program:	FY '94			FY '95		
Expenditures	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
FTE	8.00	10.00	2.00	8.00	10.00	2.00
Personal Services	255,051	306,783	51,732	255,407	307,139	51,732
Operating Expenses	47,882	67,882	20,000	45,152	57,152	12,000
Equipment	<u>0</u>	<u>3,768</u>	<u>3,768</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	302,933	378,433	75,500	300,559	364,291	63,732
<b>Funding:</b>						
General Fund	302,933	302,933	0	300,559	300,559	0
State Special Revenue	<u>0</u>	<u>75,500</u>	<u>75,500</u>	<u>0</u>	<u>63,732</u>	<u>63,732</u>
Total	302,933	378,433	75,500	300,559	364,291	63,732
<b>Revenue:</b>						
General Fund (securities fees)	1,157,923	1,157,923	0	1,192,660	1,192,660	0
State Special (portfolio regist.)	<u>0</u>	<u>120,000</u>	<u>120,000</u>	<u>0</u>	<u>120,000</u>	<u>120,000</u>
Total	1,157,923	1,277,923	120,000	1,192,660	1,312,660	120,000
<b>Net Impact to State Special Revenue</b>			<b>44,500</b>			<b>56,268</b>

**LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:**

It is assumed that there will be ongoing securities enforcement expenditures and ongoing revenue to the securities state special revenue account.

  
 DAVID LEWIS, BUDGET DIRECTOR      DATE  
 Office of Budget and Program Planning

  
 CHRIS CHRISTIAENS, PRIMARY SPONSOR      DATE

Fiscal Note for SB0314, as introduced

**SB 314**

APPROVED BY COMM. ON BUSINESS & INDUSTRY

Senate BILL NO. 314

INTRODUCED BY

*Mr. Christians* *Dr. Kader* *Ernest L.*

BY REQUEST OF THE STATE AUDITOR

*John Harp* *Wilson McCall*

AMENDED. A BILL FOR AN ACT ENTITLED: "AN ACT TREATING EACH SERIES, PORTFOLIO, OR OTHER SUBDIVISION OF AN INVESTMENT COMPANY OR SIMILAR ISSUER AS A SEPARATE ISSUER OF SECURITIES; REQUIRING EACH SUBDIVISION TO PAY A PORTFOLIO REGISTRATION FEE; AND AMENDING SECTIONS 30-10-115 AND 30-10-209, MCA."

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

Section 1. Section 30-10-115, MCA, is amended to read:

"30-10-115. Deposits to the general fund. (1) All fees, examination charges, and miscellaneous charges received by the commissioner pursuant to parts 1 through 3 of this chapter, except for portfolio registration fees described in 30-10-209(1)(d), must be deposited in the general fund.

(2) All portfolio registration fees collected under 30-10-209(1)(d) must be deposited in the state special revenue account to the credit of the state auditor's office. The funds allocated by this section to the state special revenue account may only be used to defray the expenses of the state auditor's office in discharging its administrative and regulatory powers and duties."

Section 2. Section 30-10-209, MCA, is amended to read:

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

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

(b) Each year thereafter, a registration of securities may be renewed, prior to its termination date, for an additional year upon consent of the commissioner and payment of an additional registration fee to be computed at 1/10 of 1% of the aggregate offering price of such the securities which that are to be offered in this state during that year, even though the maximum fee was paid the preceding year. ~~in no--event--shall--the~~ The additional registration fee may not be less than \$200 or more than \$1,000. The registration statement for such the securities may be amended to increase the amount of securities to be offered.

(c) If a registrant sells securities in excess of the aggregate amount registered for sale in this state, the registrant may file an amendment to the registration statement to include the excess sales. If the registrant



1 fails to file an amendment before the expiration date of the  
 2 registration order, he the registrant shall pay a filing fee  
 3 for the excess sales of three times the amount calculated in  
 4 the manner specified in subsection (1)(b). Registration of  
 5 the excess securities is effective retroactively to the date  
 6 of the existing registration.

7 (d) Each series, portfolio, or other subdivision of an  
 8 investment company or similar issuer is treated as a  
 9 separate issuer of securities. The issuer shall pay a  
 10 portfolio registration fee to be calculated as provided in  
 11 subsections (1)(a) through (1)(c). The portfolio  
 12 registration fee collected by the commissioner must be  
 13 deposited in the state special revenue account provided for  
 14 in 30-10-115.

15 (2) (a) For registration of a broker-dealer or  
 16 investment adviser, the fee ~~shall be~~ is \$200 for original  
 17 registration and \$200 for each annual renewal.

18 (b) For registration of a salesman or investment  
 19 adviser representative, the fee ~~shall be~~ is \$50 for original  
 20 registration with each employer, \$50 for each annual  
 21 renewal, and \$50 for each transfer.

22 (3) For certified or uncertified copies of any  
 23 documents filed with the commissioner, the fee ~~shall be~~ is  
 24 the cost to the department.

25 (4) For a request for an exemption under 30-10-105(15),

1 the fee ~~shall~~ must be established by the commissioner by  
 2 rule. For a request for any other exemption or an exception  
 3 to the provisions of parts 1 through 3 of this chapter, the  
 4 fee ~~shall be~~ is \$50.

5 (5) All fees are considered fully earned when received.  
 6 In the event of overpayment, only those amounts in excess of  
 7 \$10 may be refunded.

8 (6) ~~All~~ Except for portfolio registration fees  
 9 established in this section, all fees, examination charges,  
 10 miscellaneous charges, fines, and penalties collected by the  
 11 commissioner pursuant to parts 1 through 3 of this chapter  
 12 and the rules adopted hereunder under parts 1 through 3 of  
 13 this chapter must be deposited in the general fund."

-End-

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 2 INTRODUCED BY Mr. Christians Mr. Kader Senator  
 3 BY REQUEST OF THE STATE AUDITOR John  
 4 Wanzersack Larkin HARPC William McLeh  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TREATING EACH SERIES,  
 6 PORTFOLIO, OR OTHER SUBDIVISION OF AN INVESTMENT COMPANY OR  
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 23 the state auditor's office in discharging its administrative  
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 23 aggregate amount registered for sale in this state, the  
 24 registrant may file an amendment to the registration  
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-2- SB 314  
 THIRD READING



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 12 and the rules adopted hereunder under parts 1 through 3 of  
 13 this chapter must be deposited in the general fund."

-End-

HOUSE STANDING COMMITTEE REPORT

March 26, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that Senate Bill 314 (third reading copy - blue) be concurred in as amended .

Signed: \_\_\_\_\_



Steve Benedict, Chair

And, that such amendments read:

Carried by: Rep. Hibbard

1. Page 1, line 24.

Following: "duties"

Insert: " in relation to portfolio' registration. Any excess fees must be deposited in the general fund"

-END-

HOUSE

SB 314

Committee Vote:

Yes 13, No 4.

681110SC.Hss

## 1 SENATE BILL NO. 314

2 INTRODUCED BY CHRISTIAENS, TOWE,  
 3 KADAS, BIANCHI, WANZENRIED, QUILICI, HARP,  
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