

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2440 - HB 2363

March 17, 2014

SUMMARY OF BILL: Creates the Invest Tennessee Exemption which exempts certain securities from the registration requirements, the filing of sales and advertising literature, and certain other provisions. The exemption takes effect on January 1, 2015.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Net Impact - \$9,000/DCI Securities Division

Other Fiscal Impact – According to the Department of Commerce and Insurance, the Securities Division is self-sufficient from fees and taxes collected. The division will not have to increase fees to make up for any decrease in revenue resulting from the proposed legislation.

Assumptions:

- According to the Department of Commerce and Insurance (DCI), it is difficult to estimate the number of filings the Securities Division will receive.
- Based on information from other states that have passed a similar exemption, the department estimates 10 exempt filings per year.
- Maximum registration fees are set at \$1,000 resulting in a decrease in revenue of \$10,000 (10 filings x \$1,000 fee).
- The department estimates an increase in expenditures exceeding \$1,000 for the division to handle the exemption filings.
- The net impact to the Securities Division is a decrease in revenue of \$9,000.
- According to DCI, the Securities Division is self-sufficient from the fees and taxes collected and the decrease in revenue will not have a significant impact on the operations of the Division.

IMPACT TO COMMERCE:

Decrease Business Expenditures - \$10,000

Other Impact – An exact impact to commerce and jobs cannot be quantified, but is reasonably estimated to be positive.

SB 2440 - HB 2363

Assumptions:

- At least 10 businesses each year will not pay the \$1,000 registration fee resulting in a decrease in business expenditures of \$10,000.
- According to DCI, the proposed exemption appears to be designed for use by small companies in small communities to support capital formation that would otherwise lead to a significant impact on the local economy.
- According to DCI, the proposed legislation will provide strong support to small businesses attempting to raise capital within the framework of securities regulation.
- Due to a number of unknown factors, the exact impact to commerce and jobs cannot be quantified, but is reasonably estimated to be positive.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/tdb