

# Legislative Analysis



## EXTENSION OF SUNSETS ON FEES RELATED TO SECURITIES OCCUPATIONS

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**House Bill 4398 (H-1)**  
**Sponsor: Rep. Kosowski**  
**Committee: Appropriations**

Analysis available at  
<http://www.legislature.mi.gov>

**Complete to April 13, 2015**

### SUMMARY:

The bill would amend the Uniform Securities Act of 2008, which pertains to the regulation of the securities industry within the state, to maintain the FY 2014-15 fee amounts by extending past fee increases which would otherwise expire (a.k.a. "sunset") on September 30, 2015 for an additional four years, to September 30, 2019. The fee increases were initially enacted in 2008 and the sunsets were last extended in 2012. The State Budget Office (SBO) assumed the elimination or extension of these fee sunsets in the creation of the FY 2015-16 Executive Budget Recommendation as did the House Appropriations Subcommittee in the drafting of the FY 2015-16 appropriation act for the Department of Licensing and Regulatory Affairs (LARA).

See the attached table for detailed information concerning the fees affected by the bill.

### FISCAL IMPACT:

The bill would maintain current revenue levels collected by the Corporations, Securities, and Commercial Licensing Bureau (CSCLB), within LARA, to the extent that the CSCLB would continue to collect the revenue generated by the fee increases initially enacted in 2008. Revenue generated by these fees is deposited into the Securities Fees Fund and expended for administration of the duties of LARA as required by law, while unexpended revenue lapses to the General Fund at the close of the fiscal year (\$6.8 million in FY 2013-14). LARA estimates that the total annualized revenue maintained by the elimination or extension of fee sunsets under the bill would be approximately **\$5.9 million** (which would presumably lapse to the General Fund). This revenue is not an increase over FY 2014-15. Rather, the bill would maintain the FY 2014-15 level of revenue through FY 2018-19. The SBO and House Appropriation Subcommittee assumed the collection of this revenue in the drafting of the FY 2015-16 Executive Recommendation and the FY 2015-16 appropriation act for LARA, respectively.

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**Extension of Sunsets on Fees Related to Securities Occupations  
Deposited into the Securities Fees Fund**

House Bill	Fee	Est. Number of Instances Fee is Levied (Annualized)	Most Recent Year Fee was Adjusted by Legislature	Current Law							Subcommittee Recommendation				
				FY 14-15 Fee Amount (Annualized)	FY 14-15 Revenue (Annualized)	Sunset	FY 15-16 Fee Amount (Annualized)	Est. FY 15-16 Revenue (Annualized)	Change in Revenue (cf. FY 14-15)	Percent Change in Revenue (cf. FY 14-15)	FY 15-16 Fee Amount (Annualized)	Est. FY 15-16 Revenue (Annualized)	Change in Revenue (cf. FY 14-15)	Percent Change in Revenue (cf. FY 14-15)	Sunset
HB 4398	Broker-Dealer Registration Fee (Initial Application or Renewal)	1,799	2008 PA 551	\$300.00	\$539,700	09/30/15	\$250.00	\$449,750	(\$89,950)	-16.7%	\$300.00	\$539,700	\$0	0.0%	09/30/19
	Agent Registration Fee (Application, Renewal, or Change)	149,710	2008 PA 551	\$65.00	\$9,731,150	09/30/15	\$30.00	\$4,491,300	(\$5,239,850)	-53.8%	\$65.00	\$9,731,150	\$0	0.0%	09/30/19
	Investment Advisor Registration Fee (Application or Renewal)	2,035	2008 PA 551	\$200.00	\$407,000	09/30/15	\$150.00	\$305,250	(\$101,750)	-25.0%	\$200.00	\$407,000	\$0	0.0%	09/30/19
	Investor Advisor Representative Registration Fee (Application, Renewal, or Change)	11,698	2008 PA 551	\$65.00	\$760,370	09/30/15	\$30.00	\$350,940	(\$409,430)	-53.8%	\$65.00	\$760,370	\$0	0.0%	09/30/19
	Federal Covered Investment Advisor Notice Fee (Initial or Annual)	1,516	2008 PA 551	\$200.00	\$303,200	09/30/15	\$150.00	\$227,400	(\$75,800)	-25.0%	\$200.00	\$303,200	\$0	0.0%	09/30/19
<b>TOTAL</b>					<b>\$11,741,420</b>			<b>\$5,824,640</b>	<b>(\$5,916,780)</b>	<b>-50.4%</b>		<b>\$11,741,420</b>	<b>\$0</b>	<b>0.0%</b>	