

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1502 (First Edition)

SHORT TITLE: Increase Fees / Investment Advisor Revisions

SPONSOR(S): Senator Harris

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>
REVENUES					
General Fund					
Fee Increase	\$47,130	\$47,130	\$47,130	\$47,130	\$47,130
New Licenses		no estimate available			
EXPENDITURES					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of the Secretary of State – Securities Division					
EFFECTIVE DATE: This act is effective on October 1, 2000.					

BILL SUMMARY: This bill provides for the dual registration of investment advisors and increases the registration fee for investment advisor representatives from \$45 to \$55 per year.

ASSUMPTIONS AND METHODOLOGY:

As of June 2000, the Securities Division of the Department of the Secretary of State reported 4,713 investment adviser representatives registered in the state. These individuals must renew their licenses each year by December 31. A \$10 increase in the \$45 renewal fee will generate a minimum of \$47,310 each year. Officials in the Securities Division do not anticipate attempts to file early to pay a lower renewal rate because the license does not expire until December 31 and early filing might lead to misstatements and omissions that might jeopardize the renewal. Since the Securities Division cannot provide data on the annual growth in registrations since the North Carolina Investment Advisers Act was enacted in 1989, this fiscal note does not project any growth over the next five years.

This bill will also license those CPAs that refer their clients to investment adviser firms or solicit business for investment adviser firms. Since April 1999, CPAs have been allowed to earn fees for investment referrals. Of the approximate 15,000 CPAs in the state, the North Carolina State Board of CPA Examiners could not estimate how many CPAs earn investment advice fees. The Board does not track this type of information. This note does not estimate the potential revenue from registration fees paid by this group.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

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DATE: June 22, 2000



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