

BILL ANALYSIS

Senate Research Center
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H.B. 1840
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Business & Commerce
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Engrossed

This analysis utilizes the House Committee Report, which is the most recent version available to the Senate Research Center, and is not formatted to the style of the Senate Research Center. There were no amendments to H.B. 1840 on the House floor.

BACKGROUND AND PURPOSE

The State Securities Board (Board) was created in 1957 under the Securities Act passed by the 55th Texas Legislature. The mission of the Board is to protect Texas investors. Consistent with that purpose, the Agency seeks to ensure a free and competitive securities market for Texas, increase investor confidence, and encourage the formation of capital and the creation of new jobs in Texas.

The Board is funded through a direct appropriation from the General Revenue Fund, unlike similar state agencies which regulate financial institutions and are funded through fees. The Board's current appropriation is not sufficient to provide adequate protection of Texans' investments.

H.B. 1840 changes the Board's funding mechanism. Instead of being funded from general revenue, the Board would fund itself directly from the fees that it collects. The bill designates five of the Board's current fees to fund the agency. It would only collect what fees are necessary for the administration and enforcement of its statutory duties.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Section 35, The Securities Act (Article 581-35, VTCS), by changing the funding mechanism of the State Securities Board to allow the Board to set an aggregate amount above the five fees as they existed on September 1 2002, to generate sufficient revenue to cover the costs of administering and enforcing the Securities Act. The five fees would include the filings for:

- an application, renewal or amendment to sell or dispose of securities;
- an application of a dealer or investment adviser;
- a renewal application of a dealer or investment adviser;
- an application for each agent, officer, or investment advisor representative; and
- a renewal application for each agent, officer, or investment advisor representative.

While the Board would be required to set only reasonable and necessary fees, each of the five fees would be capped at \$100.

SECTION 2. Amends Section 35-1, The Securities Act (Article 581-35-1, VTCS), by correcting references to certain Subsections changed in Section 1.

SECTION 3. Amends Section 35-2, The Securities Act (Article 581-35-2, VTCS), by correcting

references to certain Subsections changed in Section 1.

SECTION 4. States the fee becomes in effect on or after the effective date as stipulated.

SECTION 5. Effective date.

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all members elected to each House. If it does not receive the votes necessary for immediate effect, it will take effect on September 1, 2003.