



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0137: Revise securities laws relating to fees paid by certain licensees

Primary Sponsor: Steve Fitzpatrick Status: As Introduced

Included in the Executive Budget Needs to be included in HB 2 Significant Local Gov Impact

Significant Long-Term Impacts Technical Concerns Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$1,750	\$1,750	\$1,750	\$1,750
Net Impact	<u>\$1,750</u>	<u>\$1,750</u>	<u>\$1,750</u>	<u>\$1,750</u>
General Fund Balance				

Description of fiscal impact

HB 137 revises the securities registration fees to eliminate the distinction between the in-state and out-of-state salespersons or investment representatives. The State Auditor's Office estimates that an additional \$1,750 in general fund revenue will be received each year as a result of this legislation.

FISCAL ANALYSIS

Assumptions

State Auditor's Office

1. Total general fund revenue received in FY 2024 was \$21 million, collected from 158,000 total registrants, of whom 1,500 are located in Montana.
2. Current law outlines that the in-state salesperson or investment adviser representative (representative) annual registration fee is \$50.
3. The representatives complete the annual registration and pay the registration fee through the Financial Industry Regulatory Authority (FINRA). The FINRA system does not have the ability to select and pay a registration fee of \$50. FINRA can only accept the \$100 registration fee.
4. Due to FINRA only accepting the \$100 registration fee, the State Auditor's Office (SAO) created ARM 6.10.501 allowing the in-state representative to submit a request for a refund for the \$50 difference.
5. The SAO has 1,540 representatives. An average of 35 representatives have submitted a request for the \$50 refund for FY 2023 and FY 2024 $[(33+37)/2 = 35]$.
6. HB 137 increases the annual registration fee of an in-state representative from \$50 to \$100 per year.
7. The representative registration fee revenues are deposited in the general fund.
8. The additional annual registration fee revenue per fiscal year to the general fund is estimated to be \$1,750 (35 representatives * \$50).

Fiscal Analysis Table

State Auditor's Office				
	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Fiscal Impact				
<u>Expenditures</u>				
<u>Funding of Expenditures</u>				
<u>Revenues</u>				
General Fund (01)	\$1,750	\$1,750	\$1,750	\$1,750
TOTAL Revenues	\$1,750	\$1,750	\$1,750	\$1,750
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	\$1,750	\$1,750	\$1,750	\$1,750



Budget Director's Initials

1/13/2025

Date

~~Sponsor's Initials~~
NOT SIGNED BY SPONSOR