

# LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]  
**ASSEMBLY, No. 2990**

## **STATE OF NEW JERSEY**

DATED: JULY 3, 1997

Assembly Bill No.2990 (1R) of 1997 revises the State law governing the regulation of financial securities to protect consumers, while assisting companies which lawfully seek to raise capital through the securities market. Under the bill, exemptions from registration for securities and transactions more closely parallel those existing under federal security laws.

The bill authorizes the Bureau of Securities in the Department of Law and Public Safety to issue cease and desist orders and to enforce its own subpoenas as an alternative to applying to the courts for enforcement. The bill incorporates changes in federal law which give states sole responsibility for regulating investment adviser firms with less than \$25 million in assets under management. The bill also requires "financial planners" to register with the bureau or the federal Securities and Exchange Commission, as appropriate, and requires investment adviser representatives to register with the State. The bill exempts investment companies and unit investment trusts from registration, but requires them to pay a fee to claim this exemption.

The bill permits the bureau chief to establish fees for the bureau's services that are reasonably related to the cost of implementing the provisions of the bill.

The Division of Consumer Affairs in the Department of Law and Public Safety notes that this bill will increase the workload of the Bureau of Securities in the areas of registration and enforcement. The division informally estimates that \$409,000 in additional funding will be required by the bureau to carry out these responsibilities in the first year after enactment. This amount includes salary and benefit costs of \$189,000 for five personnel: a supervisor of licensing, two investigators and two clerical staff. Also included in the first year estimate are \$150,000 for services of the department's Division of Law, \$50,000 for hearings before the Office of Administrative Law, and \$20,000 for data processing. After adjustment for inflation and the deduction of certain start-up costs, the division estimates the cost of implementing this bill at \$423,00 in the second year after enactment and \$456,000 in the third year.

The division further estimates that the anticipated increase in registrations and fee payers under this bill should result in sufficient revenues to cover the estimated cost of implementation without increasing existing fees.

The Office of Legislative Services concurs with this estimate.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.