

Investment License Fee

Revenue Description

Investment advisors and investment companies pay fees to the state for registration of securities and agents, registration of securities by notification, notice of a federal filing of a federally secured security, and name changes.

Statutory Reference

Fee Rate – [30-10-209, MCA](#) and [30-10-904, MCA](#)

Fee Distribution – Excess to general fund: [30-10-115, MCA](#) and [30-10-209\(6\), MCA](#); portfolio notice fee: [30-10-209\(1d\), MCA](#), [30-10-210\(2\), MCA](#) and [30-10-907, MCA](#)

Date Due – Dealers: upon registration and annually before December 31st thereafter ([30-10-201\(9&11\), MCA](#)); securities: upon registration ([30-10-206, MCA](#)) and renewal ([30-10-209\(1b\)](#))

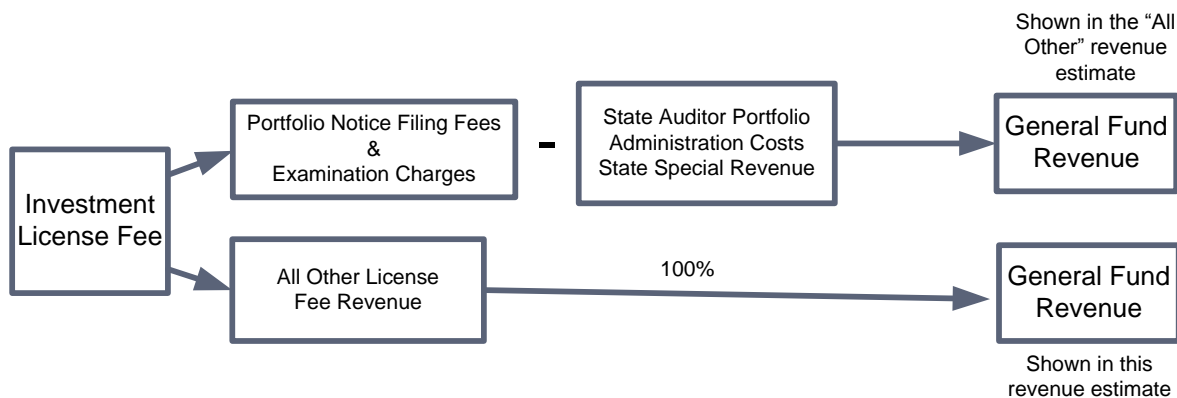
Applicable Tax Rate

Initial and annual security registration fees vary based on the offering price of securities, but cannot be less than \$200 or more than \$1,000. Initial and annual registration fees for a broker-dealer, investment adviser, and federal covered adviser are \$200. Initial and annual registration fees for a salesperson or investment adviser are \$50. The fee for name changes to series, portfolio, or a subdivision of an investment company is \$50.

Collection Frequency: Varies

Distribution

All fees except portfolio notice filing fees and examination charges are deposited to the general fund. Portfolio notice filing fees and examination charges are deposited in a state special revenue account from which the State Auditor pays for expenses associated with the regulation of portfolio activities. The excess in this account is transferred to the general fund throughout the year as a non-budgeted transfer and is shown under the “All Other” revenue category.



Summary of Legislative Action: No impacting legislation was enacted in the 2015 session.

Revenue Estimate Methodology

Investment license fee revenue is obtained from two major sources: portfolio notice filing and examination fees, and various other fees. The portfolio notice filing fees, examination fees, and other permit revenue are estimated separately and then summed.

Data

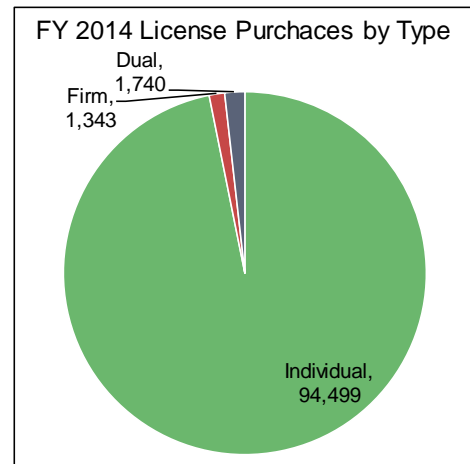
The estimate for this source is based on historical collection data from SABHRS, historical license purchases by type from the State Auditor’s Office (SAO), and actual and forecast S&P 500 and Consumer Price indices from IHS.

Analysis

Licenses and permits receipts are modeled on the time-trended growth in license purchases. According to analysts at SAO, there are broad changes to consider in the investment industry. As larger investment firms continue to acquire smaller firms, and the large firms merge, the total number of firms has been steadily declining, resulting in fewer firm license purchases.

The trend of declining firms is expected to continue; however, the number of firm license purchases is small compared to the number of individual license purchases, as shown in the adjoining chart.

Portfolio notice filing fees are modeled on S&P 500 and Consumer Price indices.



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2015 Legislature.

FY	Total Tax \$ Millions	GF Tax \$ Millions	Licenses & Permits \$ Millions	Portfolio Registration \$ Millions	Exam Fee \$ Millions	Portfolio Expenses \$ Millions
A 2002	\$7.467	\$4.992	\$4.992	\$2.471	\$0.004	\$0.202
A 2003	7.520	5.142	5.142	2.367	0.011	0.321
A 2004	7.486	4.834	4.834	2.638	0.014	0.684
A 2005	8.007	5.192	5.192	2.793	0.022	0.690
A 2006	8.764	5.584	5.584	3.163	0.017	0.654
A 2007	9.729	6.095	6.095	3.596	0.001	0.630
A 2008	10.582	6.514	6.514	4.042	0.026	0.674
A 2009	10.349	6.461	6.461	3.872	0.015	0.684
A 2010	10.219	6.225	6.225	3.970	0.024	1.048
A 2011	11.348	6.922	6.922	4.420	0.006	1.169
A 2012	13.026	6.961	6.961	6.055	0.010	1.128
A 2013	13.423	6.951	6.951	6.441	0.230	1.237
A 2014	14.047	7.115	7.115	6.911	0.193	1.389
F 2015	14.631	7.257	7.257	7.181	0.193	1.302
F 2016	14.976	7.412	7.412	7.371	0.193	1.337
F 2017	15.520	7.567	7.567	7.760	0.193	1.393

FY	Individual \$50/License # Licenses	Firms \$200/License # Licenses	Dual # Licenses	S&P 500 Index	Consumer Price Index
A 2002	54,442	1,453	640	1,115	1.78
A 2003	51,174	1,395	741	895	1.82
A 2004	54,143	1,389	815	1,078	1.86
A 2005	57,928	1,418	891	1,160	1.92
A 2006	62,158	1,429	1,057	1,255	1.99
A 2007	68,063	1,442	1,239	1,400	2.04
A 2008	72,824	1,437	1,387	1,427	2.12
A 2009	70,273	1,405	1,412	966	2.15
A 2010	75,214	1,400	1,509	1,086	2.17
A 2011	85,101	1,383	1,609	1,231	2.21
A 2012	87,553	1,350	1,537	1,288	2.28
A 2013	89,452	1,349	1,620	1,486	2.31
A 2014	94,499	1,343	1,740	1,795	2.35
F 2015	93,972	1,349	1,938	2,045	2.36
F 2016	97,098	1,342	2,039	2,170	2.37
F 2017	100,225	1,335	2,139	2,248	2.43

