

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2014

Bill Number: S.220 Name of Bill: An act relating to furthering economic development

Agency/ Dept: Dept. of Financial Regulation

Author of Bill Review: Susan L. Donegan

Date of Bill Review: 5/16/14

Status of Bill: (check one):

☐ Upon Introduction ☐ As passed by 1st body ☒ As passed by both bodies

Recommended Position:

☒ Support ☐ Oppose ☐ Remain Neutral ☐ Support with modifications identified in #8 below

Analysis of Bill

1. Summary of bill and issue it addresses. *Describe what the bill is intended to accomplish and why.*

There are five sections of this bill that impact DFR.

- Section 19 requires DFR to (1) study the opportunities and limitations for Crowdfunding to increase access to capital for Vermont's small business, (2) engage in small business issuer education and outreach, and (3) pass a rule revising the Vermont Small Business Offering Exemption (which DFR is already in the process of doing).
- Section 20 requires DFR to study Vermont's licensed lender laws to determine which changes, if any, are necessary to open private capital markets and remove unnecessary barriers to business investment in Vermont.
- Section 21 adds persons who make no more than three mortgage loans in any consecutive three-year period to the statutory list of individuals and entities not required to obtain a lender license, mortgage broker license, sales finance company license or mortgage loan originator license.
- Section 59 requires DFR, along with DOL, to study whether information may be made available to employers to allow an employer to compare its workplace safety and workers' compensation experience with that of employers in similar industries.
- Section 67 provides that Vermont law enforcement agencies shall notify businesses where a security breach has occurred of their obligations under Vermont law to furnish certain information to DFR.
- Section 68 requires DFR to adopt rules specifying the methods by which insurance notices shall be given.

2. Is there a need for this bill? *Please explain why or why not.*

Yes. The provisions of this bill that impact DFR are important modernizations to Vermont insurance, banking, and securities laws, and the required studies and reports will likely lead to even more positive changes that will promote economic development and access to capital for small businesses in Vermont.

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

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None. DFR has sufficient capacity and expertise to responsibly oversee the bill's proposed changes to Vermont's existing insurance, banking, and securities laws, as well as conduct the required studies and produce the required reports.

4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?

With the exception of Section 59, the provisions of this bill discussed above do not impact any other Department. DOL likely has the necessary resources to collaborate with DFR on the study required by Section 59.

5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it? (for example, public, municipalities, organizations, business, regulated entities, etc)

This bill is likely to have fiscal and programmatic effects for insurers, consumers, small businesses, investors, entrepreneurs, and persons who make no more than three mortgage loans in any consecutive three-year period. Their perspective is likely to be favorable because the bill eliminates potential barriers to economic growth and streamlines certain outdated processes.

6. Other Stakeholders:

6.1 Who else is likely to support the proposal and why?

The relevant sections of the bill are supported by the various industries DFR regulates.

6.2 Who else is likely to oppose the proposal and why?

Currently, there are no parties actively opposing the sections of the bill that impact DFR.

7. Rationale for recommendation: *Justify recommendation stated above.*

DFR supports this bill because it recognizes that Vermont's insurance, banking, and securities laws must evolve in order to keep up with the modern world and new technologies. The studies and reports required by this bill will assist DFR in determining just which laws require updating and in what way.

8. Specific modifications that would be needed to recommend support of this bill: *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

None.

~~Secretary~~/Commissioner has reviewed this document: Susan L. Pavey Date: 5/16/14

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