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FISCAL IMPACT REPORT

ORIGINAL DATE 2/6/07

SPONSOR King LAST UPDATED _____ HB 863

SHORT TITLE Prosecution of Securities Fraud SB _____

ANALYST C.Sanchez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$247,000	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

House Bill 863 would appropriate \$247,000 to the Securities Division of the Regulation and Licensing Department for the prosecution of securities fraud.

SIGNIFICANT ISSUES

Enhancing the Securities Division's fraud prosecution capability would enable the Division to handle more cases. Securities cases are a very time consuming, and therefore many prosecutors will not handle them because they can't afford to tie up their resources for one case.

In addition to the length of time each case takes, it is also difficult to find attorneys and investigators who have the necessary training and experience to successfully investigate and prosecute such cases. HB 863 may provide the funds required to hire people with appropriate backgrounds in accounting, finance and white collar investigations,

ADMINISTRATIVE IMPLICATIONS

If HB 863 is used to hire additional personnel, additional office space would be needed.

TECHNICAL ISSUES

HB 863 should clarify what the intended use of the funds would be (e.g., personnel, office expenses, etc.). This makes it difficult to determine what the recurring fiscal impact would be.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Securities Division funding would not increase.

CS/mt