



**Colorado
Legislative
Council
Staff**

HB16-1049

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0384

Date: May 31, 2016

Prime Sponsor(s): Rep. Lee
Sen. Scheffel; Hill

Bill Status: Signed into Law

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BILL TOPIC: CROWDFUNDING ESCROW IN DEPOSITORY INSTITUTIONS

Summary of Legislation

This bill modifies the definition of the type of institution that must be used to set up an escrow account for holding the proceeds of a sale of intrastate securities to be a "depository institution" rather than a specific type of financial institution. It also allows the escrow account to be terminated and its proceeds to be disbursed when the minimum offering amount has been raised rather than the maximum amount.

Background

In 2015, the General Assembly enacted House Bill 15-1246, which created the Colorado Crowdfunding Act. This Act allows Colorado residents to invest in Colorado companies through online intermediaries. To be eligible to crowdfund under this Act, a security issuer must be a business entity organized under Colorado law that meets certain requirements. Among other disclosure and reporting requirements, the Act specifies that non-accredited investors are limited to \$5,000 in investments in a 12-month period and the sum of investments received by an issuer in a 12-month period may not exceed \$1 million unless the issuer submits audited financial statements to the Securities Commissioner in the Department of Regulatory Agencies, in which case the investment limit is \$2 million.

State Expenditures

This bill is assessed as having no fiscal impact as it does not impact workload, revenue, or expenses for any agency of state or local government.

Effective Date

The bill was signed into law by the Governor and took effect on March 9, 2016. It applies to conduct occurring on or after this date.

State and Local Government Contacts

Law

Information Technology

Regulatory Agencies