



Proponent Testimony for House Bill 312  
House Financial Institutions Committee  
Thursday, October 31, 2019

Chair Jordan, Vice-Chair Hillyer, Ranking Member Crossman and members of the House Financial Institutions Committee, thank you for the opportunity to speak in support of House Bill 312. My name is Brandon Ogden and I am the President of Small Business Consultants of Ohio. SBCO's mission is to help protect small businesses and non-profits from harmful regulations and champion policies that allow them to grow and thrive. House Bill 312 is a perfect example of a policy that, if enacted, would give small businesses access to new capital and allow them to grow.

HB 312 would allow startups and other small businesses to raise up to \$5 million in equity crowdfunding. Last week in committee, Representative Powell distributed information explaining crowdfunding to members of this committee. I understand that to many, crowdfunding is an unfamiliar topic and one that could cause apprehension. However, crowdfunding has become essential for many startups and small businesses that do not qualify for traditional lending.

More than thirty-five other states have adopted laws similar to HB 312; in fact, Ohio is surrounded by states that allow intrastate equity crowdfunding. The surge of states adopting laws began in 2014 when the federal government gave states the ability to allow intrastate equity crowdfunding under more lenient laws than existing securities laws. One primary reason for this change was to no longer permit only "accredited investors" to purchase securities. An accredited investor must verify a significant amount of annual income and net assets to the IRS. Fortunately, HB 312 eliminates this requirement and allows investing in Ohio businesses to be more inclusive and open to virtually any investor, large or small.

Additional key provisions of HB 312:

- Saves businesses money by allowing them to bypass costly and timely Securities and Exchange Commission (SEC) filings
- Protects Ohio consumers by limiting them to \$10,000 per year in total investment
- Provides civil and criminal penalties to those who conduct fraudulent, deceptive and manipulative acts

As you can see, HB 312 is a good balance of pro-business and pro-consumer policies. The securities will be regulated by the Ohio Division of Securities and can only be offered by qualified intermediaries. Finally, as Representative Powell indicated in her sponsor testimony, only Ohioans will be able to invest in the offerings.

Chairman Jordan, thank you again for allowing me to testify in support of House Bill 312. I am happy to answer any questions that you or members of the committee may have at this time.