



TESTIMONY JUNE 13, 2017  
ABBAY BEMIS, EXECUTIVE DIRECTOR

*TESTIMONY TO THE HOUSE FINANCIAL INSTITUTIONS, HOUSING, AND URBAN  
DEVELOPMENT COMMITTEE ON HOUSE BILL 10*

Good afternoon, Chairman Dever, Vice-Chair Sprague, Ranking Member Smith and members of the committee. My name is Abbey Bemis, and I am the Executive Director of the Erie County Economic Development Corporation (ECEDC), a nonprofit, nonpartisan organization with a mission of creating a more prosperous and sustainable future for Erie County, Ohio and our region. In 2011, ECEDC created the Regional Incubator for Sustainability & Entrepreneurship (RISE) to spur entrepreneurship in our community. RISE operates through a partnership with Bowling Green State University Firelands and the Great Lakes Innovation and Development Enterprise, and provides professional business assistance to entrepreneurs and companies at every stage of development, connecting them with the tools and resources they need to succeed. Thank you for the opportunity to testify today regarding House Bill 10, which would introduce another mechanism to support our clients and spur growth and innovation in Ohio.

Small businesses are often and aptly credited as America's driving economic force, producing fifty percent of annual GDP and two-thirds of private sector employment. However, we have seen through RISE starting and sustaining a business is a significant challenge, and access to capital remains an entrepreneur's greatest challenge in getting a business off the ground.

RISE clients and our community stakeholders are often surprised to learn over ninety-five percent of startups and small businesses "boot-strap" their business, obtaining funds through personal savings, credit cards, friends and family. Intra-state crowdfunding can streamline and grow this capital access, and both entrepreneurs and investors will benefit from founders spending less time raising capital and more time growing their business.

To date, thirty-three states have enacted legislation to participate in intra-state crowdfunding exemptions, and we are pleased to see Ohio could be next. Ohio has a long history of supporting entrepreneurship and innovation through tools like the nationally recognized Ohio 3<sup>rd</sup> Frontier or the new JobsOhio Fintech Accelerator, and our reputation is only rising. In the last year, Ohio and its communities have been recognized by publications like Entrepreneur, Inc and Forbes for its "best startup cities", "great midwestern tech surge", or "best cities for young professionals".

However, entrepreneurship and economies evolve quickly, and our public policy must also stay innovative. The crowdfunding marketplace has emerged and grown quickly post 2008 recession among tight lending standards, and the tool has the potential for significant economic impact. A recent Goldman Sachs report estimated the marketplace for crowdfunding to be larger than the opportunity for payments, small business lending, student lending and consumer lending combined. H.B. 10 will take advantage of this trend to ensure our creative and entrepreneurial talent takes root and finds success in Ohio.

As an organization engaged in community and economic development, we also recognize that intra-state crowdfunding can offer more than financial benefits for an individual company. The tool can be utilized to build stronger, connected communities and Ohio pride. According to Bain & Company, individuals spend fifty-four percent more at companies in which they are invested and are two times more likely to recommend those companies to their network. Allowing Ohioans to invest in their neighbors and Ohio companies can build loyalty, engagement and success in a collaborative economy.

Mr. Chairman, thank you for allowing me to testify on this legislation. I am happy to answer any questions that you or any of the other members of the committee may have.

**Abbey Bemis**

Executive Director, Erie County Economic Development Corporation  
247 Columbus Ave. Suite 126, Sandusky, Ohio 44870  
419.625.7051, [director@eriecountyedc.org](mailto:director@eriecountyedc.org)

*Sources:* Goldman Sachs, Bain & Company, The Kauffman Foundation, US Small Business Administration