



TESTIMONY OCTOBER 11, 2017
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*TESTIMONY TO THE SENATE TRANSPORTATION, COMMERCE & WORKFORCE COMMITTEE
ON HOUSE BILL 10*

Good afternoon, Chairman LaRose, Vice-Chair Kunze, Ranking Member Schiavoni 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 (GLIDE), and supports 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 submit testimony 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, over thirty 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 3rd 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. While crowdfunding will not be a fit for every startup, it introduces flexibility and another pathway for success among Ohio's diverse business base. It is important Ohio capitalize on the growing crowdfunding marketplace 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 simply and safely invest in their neighbors and Ohio companies can build loyalty, engagement and success in a collaborative economy.

ECEDC & RISE support HB 10 as a needed tool to support our entrepreneurs and their job creation and wealth generation in Ohio. Mr. Chairman, thank you for allowing me to submit testify on this legislation. Please contact me with any questions that you or any of the other members of the committee may have.

Abbey Bemis

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