



## **SENATE TRANSPORTATION, COMMERCE AND WORKFORCE COMMITTEE**

### **Sub. HB 10**

### **PROPONENT TESTIMONY**

**APRIL 18, 2018**

Chair LaRose, Vice Chair Kunze, Ranking Member Schiavoni, and members of the Senate Transportation, Commerce and Workforce Committee, my name is Kent Scarrett and I am the Executive Director of the Ohio Municipal League. Thank you for the opportunity to testify in favor of Sub. HB 10.

As you have heard in previous testimony, Sub. HB 10 would permit intrastate equity crowdfunding under certain circumstances – specifically to incentivize economic development in Ohio. The legislation would allow intrastate crowdfunding to be legally considered a means of buying a share of a business. The bill creates an online portal, Ohio-Invests Portal, that provides startup businesses with a means to offer or sell securities to investors across the nation. The bill sets a limit of \$5 million as the amount of money that can be raised within a year.

This legislation offers Ohio businesses an opportunity to utilize an exciting and successful means of financing themselves. This, of course, means increased economic development across the state – more jobs, more infrastructure development and more revenue.

Municipalities host roughly 80% of the businesses located within the state and are where 85% of all new jobs originate, truly making Ohio’s cities and villages the “economic engines” of the state. These engines require fuel, and the fuel needed to sustain economic development is skilled talent to make personal and permanent investments in our communities and produce opportunities not only for themselves and their families but the creation of new sources of industry and commerce. Giving startup businesses more financing opportunities will help incentivize a workforce to stay in Ohio and in our local communities instead of leaving cities and villages in pursuit of competitive financing markets which often results in the “brain drain” scenario further challenging the ability of the vast majority of communities in Ohio to compete for current and future economic development stability.

Sub. HB 10 expands the funding possibilities for municipalities that are working to improve their communities as well and will be an asset to the efforts this General Assembly has provided our municipalities through more tools to build our core assets such as downtowns. Other states such as Michigan, Massachusetts, and Indiana have used similar statutes to create grant programs for

local governments that encourage and support community revitalization efforts and this legislation will allow Ohio to enter that arena and will be another example of how the state and our municipalities can rebuild our communities together.

On behalf of our 735 members, we appreciate that Rep. Arndt has recognized the need for this important piece of legislation and we urge your support of this bill.

Thank you again for this opportunity and I would be happy to answer any questions you might have.