



March 5, 2012

The Honorable Eric Cantor
Majority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Majority Leader Cantor:

The National Small Business Association (NSBA) is pleased to support the *Jumpstart Our Business Startups Act (JOBS Act)*, which would, if enacted, promote and facilitate entrepreneurship and new business formation by making it much easier to raise capital and get new ideas off the ground. Reaching over 150,000 small-business owners across the nation, NSBA is the country's oldest small-business advocacy organization and greatly appreciates your leadership on such an important issue for America's entrepreneurs and small-business community.

This pro-growth legislation, by delaying compliance with or providing exemptions from certain registration and reporting requirements of U.S. securities laws, would not only positively transform the ability of small businesses to raise capital but would also help alleviate the disproportionate burden of compliance placed on small firms at a time when economic growth and job creation remain a top priority for our country.

For example, under current law, equity markets are largely closed to small businesses and entrepreneurs because they are only permitted to raise capital from people with whom they have a pre-existing relationship or through investment bankers who demand a large share of the company for their services. Even private placements (usually Regulation D offerings) involve high legal fees and generally require that the offering be limited to accredited investors (those with incomes over \$300,000 or a residence exclusive net worth over \$1 million). This measure would create a crowdfunding exemption allowing a company to raise up to \$2 million provided that the aggregate amount sold to any investor does not exceed the lesser of \$10,000 or 10 percent of such investor's annual income in a 12-month period. This bill would further provide for a preemption of state blue sky laws regarding registration and qualification, which is a critical component of any provision that involves raising capital over the internet. If state blue sky laws are not preempted, then crowdfunding would be a prohibitively expensive means of raising capital.

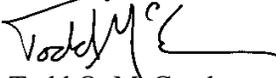
The legislation would also substantially reduce the initial cost of being a public company and will therefore increase the access of smaller companies to the public securities market. The number of initial public offerings (IPOs) has declined considerably in recent years in large measure because of the increased costs of going and staying a public company.

The costs associated with starting and growing a business are significant. According to the Bureau of Labor Statistics (BLS), from March 2009 – March 2010 only 505,473 new businesses were created in the United States, the lowest rate of growth since the BLS started compiling data. This bill would facilitate job creation, incentivize entrepreneurs, and promote long term economic growth.

Small businesses are America's economic engine and are the most dynamic and innovative sector of the U.S. economy. They comprise 99.7% of all domestic employer firms, employ approximately 50% of all private sector employees, and have created roughly 65% of America's new net jobs over the past 17 years.

NSBA is pleased to support the *Jumpstart Our Business Startups Act (JOBS Act)* and thanks you for your continued leadership on this critical issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken", with a long horizontal flourish extending to the right.

Todd O. McCracken
President