



March 29, 2016

Chairman Jeb Hensarling
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Ranking Member Maxine Waters
House Committee on Financial Services
4340 Thomas P. O'Neill, Jr. Federal Office
Building
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters,

The National Small Business Association (NSBA) is the nation's oldest small business advocacy organization and represents more than 65,000 small-business owners from every state and every sector of the economy. On behalf of NSBA, I commend Rep. Tom Emmer for introducing the *Micro Offering Safe Harbor Act (H.R. 4850)*. NSBA strongly supports the simplification of securities offerings which this legislation would bring for small businesses and urges your committee to consider H.R. 4850 in a timely manner.

Small businesses need access to capital at several stages in their lifetime, some at their startup and some later on when they are looking to expand. Small business lending from banks has decreased over the last decade and many small businesses have very few options for obtaining capital. Therefore, raising capital through securities is an attractive alternative option for many small-business owners. However, the current regulatory requirements are quite onerous for small businesses, often requiring expensive specialized counsel for even very small securities offerings.

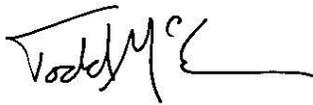
The Micro Offering Safe Harbor Act addresses this issue by creating a clear statutory exemption for small and limited securities offerings. Under the statute, offerings made only to the issuer's friends and family, to less than 35 purchasers, or which raise less than \$500,000 will be exempt from registration requirements with the Securities and Exchange Commission (SEC) under the Securities Act. These are exactly the type of offerings which small businesses are looking to make and would directly benefit the country's smallest employers. The legislation also takes the important step of exempting these same transactions from state registration and qualification rules, commonly referred to as "blue sky laws." This change will further decrease the regulatory complexity for a small offering, especially if one of the purchasers happens to reside outside the issuer's state.

Raising capital for small businesses from friends and family already takes place on a regular basis, except those transactions often lack the legal protections and structure of securities law. In addition to expanding access to capital for small businesses, this legislation will bring those transactions under a recognized legal framework, and make resolving disputes that arise much

more efficient. Finally, bringing these existing transactions under an existing legal framework will provide a sound legal basis for subsequent larger offerings requiring registration with the SEC.

This legislation is critical to NSBA and its members. A recent NSBA survey indicated that almost 60 percent of members expect to grow over the next 12 months. This growth will require capital. The Micro Offering Safe Harbor Act will make it easier for these small businesses to obtain that capital and grow. I urge the House Committee on Financial Services to approve this legislation and help small businesses around the country expand and create new jobs in their communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken". The signature is stylized with a large, sweeping initial "T" and "M".

Todd McCracken
President & CEO

Cc: Rep. Tom Emmer