

ALABAMA SECURITIES COMMISSION

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Alabama Legislature Passes Bill to Promote Raising Capital for Small Business Awaits Governor's Signature

MONTGOMERY, ALABAMA (April 1, 2014) The Alabama House of Representatives passed Senate Bill 44 today and it now awaits the Governor's signature to become law.

State Senator Arthur Orr (R), 3rd District, sponsored the bill and with the support of Senate Pro Tem Del Marsh (R), 12th District, this jobs creation bill passed the Senate in January. The bill was drafted by Senator Orr with the assistance of the Alabama Securities Commission.



Securities Commission Director Borg commended State Representative Terri Collins (R), 8th District, for successfully carrying this bill through the House; and also thanked Speaker of the House, Mike Hubbard (R), 79th District, for his invaluable support of this important job creation bill.

Senate Bill 44 (SB44) will provide an opportunity for a new fund raising mechanism to streamline capital formation for small businesses in Alabama.

Under the proposed legislation the new intrastate crowdfunding exemption would allow Alabama entrepreneurs to raise up to \$1,000,000 from Alabama investors in a streamlined and cost effective process. Small businesses and startup ventures will be able to advertise and raise capital from Alabama 'main street' investors and may raise such capital with or without a broker. If the business uses a securities broker, the broker must be properly registered with the Alabama Securities Commission. Investments of up to \$5,000 may be accepted from any Alabama investor; investments in excess of \$5,000 may be accepted from Alabama investors who qualify as accredited investors (as defined by federal law).

When the bill becomes law, ASC plans to partner with entities that promote business formation in Alabama to provide workshops for entrepreneurs that desire to use the crowdfunding mechanism to raise capital for new business ventures. ASC will provide information to Alabama investors informing them of certain risks associated with investing in startup businesses. By educating entrepreneurs relating to their responsibilities to investors and informing the investors relating to some of the risks associated with these offerings, the ASC hopes that this new fundraising mechanism may be used responsibly by entrepreneurs and that investors will be able to make informed investment decisions.

ASC Director Joseph Borg said, "This crowdfunding mechanism will provide a significant opportunity for Alabama entrepreneurs who wish to raise capital to start small businesses, as more traditional financing in the current economic climate have been limited. Senate Bill 44 will allow small businesses to pursue an economical way to raise funds through localized securities offerings. While investment in startup businesses has risk, the potential rewards in promoting new businesses and job formation in our local communities are invaluable."

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The Alabama Securities Commission thanks Senator Arthur Orr (R), the sponsor of the bill, for his foresight in developing new capital opportunities and also Senate Pro Tem Del Marsh (R) for his support of this endeavor. We also specially thank Representative Terri Collins (R) for carrying the bill through the house and also Speaker of the House, Mike Hubbard (R) for his invaluable support for recognizing the value of this bill for small business in Alabama.

SB44 may be viewed at: <http://www.legislature.state.al.us>.

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For more information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

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