

## **Legislature - First Session - 2015**

### **Introducer's Statement of Intent**

#### **LB226**

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**Chairperson: Senator Jim Scheer**

**Committee: Banking, Commerce and Insurance**

**Date of Hearing:**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Crowdfunding allows an individual or business the opportunity to raise money through small contributions from a large number of investors. Thirteen states have passed crowdfunding legislation and fourteen states have or are considering similar legislation as of last November.

Many people have heard of or contributed to crowdfunding websites like Kickstarter. The main difference between a Kickstarter website and this legislation is that when you contribute to a project on Kickstarter, typically you receive a t-shirt, or a poster, or other promotional gift depending on the size of the contribution, but have no monetary stake in the project. LB226 gives the investor a monetary stake in the project, not a donation.

Crowdfunding legislation creates incredible opportunities for startup companies that otherwise do not have easy access to capital. It allows an individual working out of his garage looking for a way expand, to actually move forward to raise funds and meet investors.

#### Highlights of the Bill:

-Allows Nebraska residents and businesses to raise up to \$2 million per year from accredited or unaccredited investors. An accredited investor is a person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase, exceeds one million dollars, excluding the value of the primary residence of such person, or (d) any natural person who had an individual income in excess of two hundred thousand dollars in each of the two most recent years or joint income with that person's spouse in excess of three hundred thousand dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year.

-Unaccredited investor investments are limited to percentage of investor's income to provide safeguard.

-All investors must be residents of Nebraska.

-Projects would require approval from the Nebraska Department of Banking and Finance.

-Investors must sign certification acknowledging that they could lose all their investment.

-Safeguards to protect investors and investees.

**Principal Introducer:** \_\_\_\_\_

**Senator Colby Coash**