

BILL ANALYSIS

Senate Research Center
84R20099 GRM-D

H.B. 1629
By: Johnson et al. (West)
Business & Commerce
5/20/2015
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties express concern that many Texans have little access to capital, which makes it difficult for them to start or run a small business. The parties assert that while some federal and state programs provide loans to small businesses, the funding provided by these programs is often inadequate. Additionally, the parties note that other states have enacted crowdfunding laws and regulations to help individuals and other entities raise capital in financially underserved areas. H.B. 1629 seeks to assist certain authorized development entities engaged in small business and economic development lending in raising capital and providing larger loans to small businesses.

H.B. 1629 amends current law relating to crowdfunding portal regulations for small business development.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the State Securities Board in SECTION 1 (Section 44, Article 581-1 et seq., Vernon's Texas Civil Statutes) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the Securities Act (Article 581-1 et seq., Vernon's Texas Civil Statutes) by adding Section 44, as follows:

Sec. 44. CROWDFUNDING. (a) Requires the State Securities Board (SSB) to adopt rules to regulate and facilitate online intrastate crowdfunding applicable to authorized small business development entities. Authorizes SSB to create other requirements necessary to carry out this section.

(b) Requires the rules for authorized small business development entities to:

- (1) allow authorized small business development entities to list on their web portals offerings of securities by issuers in which they are financially interested;
- (2) allow authorized small business development entities and their portals to list offerings of securities without offering investment advice;
- (3) allow authorized small business development entities to subcontract the operations of a crowdfunding web portal to a third party as permitted by SSB rule; and
- (4) limit the offerings of securities on an authorized small business development entity's web portal to securities of issuers located within the service area of the authorized small business development entity.

(c) Defines "authorized small business development entity" in this section.

SECTION 2. Effective date: September 1, 2015.