

04.13.2016

Ladies and Gentleman of the House Labor and Commerce Committee,

I urge you to pass SB-126.

Alaska needs to diversify to create a 12 month sustainable economy, we all know this, however the organizations tasked to help diversify the economy turn out to be the worst at it. And so we must empower **Alaskan Owned Small Businesses**, which have historically always created more jobs than any other sector of the American economy, to expand. To expand the economy requires money. SB-126 allows Alaskan Owned Companies to raise money from those who will benefit the most from an expanding economy, Alaskans.

The failed approach most of the large economic development groups in Alaska have followed, which is sometimes called "Chasing Smokestacks", is characterized by three components:

1. Extend new infrastructure.
2. Subsidize new development (i.e. oil tax credits).
3. Hope it works.

So what would a different, Equity Crowd Funding approach look like?

It would look a lot like the world envisioned by one of the great economic thinkers of modern times, Jane Jacobs. Recently local economy speaker Michael Shuman discussed this in a great article on how economists are starting to embrace Jacob's notions on how to grow communities. From the article:

In the landmark [The Death and Life of Great American Cities](#), Jacobs called out the folly of urban "improvement" projects that left city districts barren. (Who guessed that people liked to see their neighbors, and that vacant courtyards and hallways invited crime?) In the same way, her 1984 book, [Cities and the Wealth of Nations](#), zeroes in on how well-intended subsidies can deplete growth and block innovation. Wealth, she argues, is not merely a matter of assets but rather the capacity to 1) engage those assets in production and 2) adapt to changing circumstances and needs.

In other words, the most successful communities are the ones that make the maximum use of their strengths while remaining nimble enough to react to a fast-changing, global economy. Today towns build massive amounts of infrastructure to induce new development. They do this while their existing infrastructure is underutilized and deteriorating. The current mindset also leads towns to seek the big payoff. Towns are ever tempted to tie their future to a big entity, like oil, diminishing their ability to change and respond to the market (just ask all those towns that were former "winners" with GM factories now closing).

Let's get away from this type of unsustainable, make work job creation by government and non-profit bureaucracies.

-Do Alaska a favor Pass SB-126-

Allow the creative forces in **Alaskan Owned Small Companies** to do the job they were created to do, make sustainable, year round employment for Alaskans through investing in Alaskans, by Alaskans.

Thank you,



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