



Representative Lindsey Holmes

House Bill 308 An Act relating to exemptions under the Alaska Securities Act; and providing for an effective date.

Under current law, small Alaska businesses seeking to raise startup money through the offering of securities are required to pay a fee and file a form with the Department of Commerce, Community and Economic Development (DCCED). House Bill 308 removes these fees and reporting requirements in an effort to make it easier for small businesses to raise startup funds.

HB 308 removes the reporting requirements and fees for three types of exempt security transactions:

- Sales by an issuer to not more than 10 persons in the state;
- Sales by an issuer to not more than 25 persons in the state;
- An offer to existing security holders of the issuer.

Under current law, if the security issuance qualifies as exempt from registration under AS 45.55.900(b), issuers are currently still required to file a form and pay a fee to the DCCED. DCCED collects this information and reviews it however it does not appear to add any protections to the State or the investors. Often small business owners hire lawyers to navigate the form which causes expense and can slow down the process.

While removing the reporting requirements, the bill still requires the business issuing the securities to provide required information to investors in compliance with the Securities Act so that they can make an informed investing decision. The bill keeps the Act's consumer protection language intact and does not inhibit the Division of Banking and Securities from investigating violations or the investor seeking damages through the court system.

The bill also changes the amount of time DCCED has to review rescission offers from only two days to ten days and has several conforming language changes.

The bill further seeks to clarify that stock issued by ANCSA corporations to Alaska Natives born after December 18, 1971 or issued after the original stock offering in compliance with federal law are exempt from registering under AS 45.55.070. This clean up responds to a report done by the United States Government Accountability Office that was concerned that Alaska Statutes were not treating newly issued ANCSA corporation stocks the same as the initial offering.

I respectfully request that you join me in supporting this update to the Alaska Securities Act that will make it easier for small businesses to generate startup funds.