

**REVENUE: No revenue impact**

**FISCAL: No fiscal impact**

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<b>Action:</b>	Do Pass the A-Engrossed Measure
<b>Vote:</b>	4 - 0 - 2
<b>Yeas:</b>	Edwards, Girod, Starr, Beyer
<b>Nays:</b>	0
<b>Exc.:</b>	Monroe, Thomsen
<b>Prepared By:</b>	Patrick Brennan, Administrator
<b>Meeting Dates:</b>	5/16

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**WHAT THE MEASURE DOES:** Permits creation of benefit companies, or conversion of other business entities into benefit companies, to provide general public benefit and possible specific public benefit, in addition to other purposes. Specifies approval requirements from holders of equity interests in benefit company. Specifies nature of general and specific public benefits. Outlines requirements for and duties of benefit governors and specifies limits on liability of benefit governor. Requires annual benefit report to holders of equity interest.

**ISSUES DISCUSSED:**

- Balancing fiduciary duty to shareholders with other corporate goals
- Potential to attract companies to state
- Types of social and environmental benefits companies could pursue

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** The fiduciary duties of corporate officers and directors has been narrowly defined in court decisions over the last several decades, which has had the effect of limiting the ability of businesses wishing to embrace larger purposes beyond financial success.

House Bill 2296-A creates a new corporate status known as a “benefit company.” The benefit company status allows businesses to pursue social and/or environmental problems. A benefit company would have a certain amount of latitude to define for itself the public benefits it would seek to pursue, such as environmental stewardship or enhanced employee benefits. The measure provides for both the creation of new benefit companies as well as the conversion of existing business organizations into benefit companies.