

**REVENUE:** No revenue impact

**FISCAL:** No fiscal impact

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**Action:** Do Pass the A-Engrossed Measure  
**Vote:** 3 - 2 - 0  
**Yeas:** Prozanski, Walker, Burdick  
**Nays:** Beyer, Kruse  
**Exc.:** 0  
**Prepared By:** Matt Kalmanson, Counsel  
**Meeting Dates:** 5/9

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**WHAT THE MEASURE DOES:** Establishes that a corporation may adopt a provision in its articles of incorporation that authorizes or directs the corporation to conduct its business in an environmentally and socially responsible manner.

**ISSUES DISCUSSED:**

- The business judgment rule
- Ability of corporations to act in an environmentally and socially responsible manner
- Current law
- Permissive nature of bill
- Shareholders' rights

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

**BACKGROUND:** A principle of corporate law is that corporations must act in the interests of its owners (i.e., the shareholders). Courts in other jurisdictions, and some commentators, have implied that this principle requires corporations to act in a manner that maximizes corporate profits. HB 2826 A expressly permits a corporation to adopt a provision in its governing documents that allows it or directs it to act in an environmentally and socially responsible manner. Potential shareholders then may determine whether they wish to purchase stock in such a corporation. And, under existing corporate law, an amendment to an existing corporation's articles would require approval by the board and shareholders.