

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	9 - 1 - 0
Yeas:	Barton, Fagan, Holvey, Kennemer, Matthews, Thompson, Weidner, Witt, Doherty
Nays:	Thatcher
Exc.:	0
Prepared By:	Jan Nordlund, Administrator
Meeting Dates:	3/18, 3/27, 4/10

WHAT THE MEASURE DOES: Permits creation of, or conversion of corporation or limited liability company into, benefit company that has purpose of providing general public benefit and possible specific public benefit. Specifies approval requirements of equity holders in benefit company. Specifies nature of general and specific public benefits. Prescribes requirements for, and duties of, benefit governor and specifies liability limits on governor. Requires annual benefit report.

ISSUES DISCUSSED:

- Provide certainty against shareholder litigation when profit is not primary concern
- Existing businesses operating as benefit companies
- Approval process to convert an existing corporation or limited liability company into a benefit company
- Whether public benefit should be more clearly defined in legislation
- Role of third-party certifier
- Branding opportunity for Oregon to attract sustainable industries
- Concern that tax benefits or contracting preference for benefit companies will be requested in future
- Investors looking to support socially responsible companies

EFFECT OF COMMITTEE AMENDMENT: Modifies the approval process. Establishes intent of Legislative Assembly through “whereas” clauses.

BACKGROUND: The fiduciary duties of corporate officers and directors has been narrowly defined by court decisions over the last several decades, thereby limiting the ability of businesses wishing to embrace a larger purpose beyond financial success. Twelve states have passed legislation to allow benefit corporations to form. House Bill 2296-A allows both corporations and limited liability companies to become benefit companies with the purpose of providing a general public benefit.