

REVENUE: No Revenue Impact
FISCAL: No Fiscal Impact
SUBSEQUENT REFERRAL TO:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: James LaBar, Administrator

Meeting Dates: 5/18

WHAT THE MEASURE DOES: Revises voting requirements for certain actions related to formation or conversion of benefit company.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Through passage of House Bill 2296 (2013), the Legislative Assembly allowed the formation of, or conversion of existing companies to, benefit companies (commonly referred to as “B corps”). A benefit company can, in addition to seeking a profit, make as part of its mission the goal of providing a material positive impact on society and the environment through its operations. The enabling legislation provided the voting requirements of an entity’s shareholders in order to form or convert to a benefit company. For a publicly traded entity, each class or series of the entity’s shares must separately meet the requirement to approve the action by two-thirds of the shares entitled to vote. House Bill 3501 allows the majority (instead of two-thirds) of each class or series of shareholders to separately approve the action if the entity has gross revenues of \$200 million or less.

The vote count in the Business and Labor Committee was 10-0-1, and the House vote count was 58-0-2.