

STAFF MEASURE SUMMARY

House Committee On Business and Labor

**Fiscal:** No Fiscal Impact

**Revenue:** No Revenue Impact

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**Action Date:** 04/13/15

**Action:** Do Pass.

**Meeting Dates:** 04/06, 04/13

**Vote:**

Yeas: 10 - Barreto, Barton, Doherty, Esquivel, Evans, Fagan, Heard, Holvey, Kennemer, Nosse

Exc: 1 - Weidner

**Prepared By:** Jan Nordlund, Committee Administrator

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**WHAT THE MEASURE DOES:**

Revises voting requirements for certain actions related to formation or conversion of benefit company.

**ISSUES DISCUSSED:**

- Difficulty that small publicly held companies have in achieving a quorum
- Reducing voting requirement from two-thirds to majority can lead to more benefit companies being formed

**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.