

ONE HUNDRED THIRD LEGISLATURE - SECOND SESSION - 2014
COMMITTEE STATEMENT
LB751

Hearing Date: Monday February 03, 2014
Committee On: Banking, Commerce and Insurance
Introducer: Conrad
One Liner: Adopt the Nebraska Benefit Corporation Act

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye: 8 Senators Campbell, Carlson, Christensen, Garrett, Gloor, Howard, Pirsch, Schumacher

Nay:

Absent:

Present Not Voting:

Proponents:

Senator Danielle Conrad
William Clark
Michael Wallace
Ean Garrett

Representing:

Introducer
B LAB
Self
Infinite 8 Institute

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB751 (Conrad) would enact 14 new sections to be known as the Nebraska Benefit Corporation Act.

OVERVIEW

The major characteristics of a benefit corporation are:

- (1) the requirement that a benefit corporation must have a corporate purpose to create a material positive impact on society;
- (2) an expansion of the duties of corporate directors to require consideration of non-financial stakeholders as well as the financial interests of shareholders; and
- (3) an obligation to report on its overall social and environmental performance using a comprehensive, credible, and transparent standard.

PROVISIONS OF THE BILL

Under the bill, a benefit corporation would be a domestic business corporation which has elected to become subject to the Benefit Corporation Act. (Section 3.) The articles of incorporation of a business corporation would need to state that the business corporation is a benefit corporation. (Section 4.)

Under the bill, a benefit corporation must have a purpose of creating general public benefit in addition to its otherwise stated purpose as a business corporation. (Section 7.) The articles of incorporation may identify one or more specific public benefits defined as including:

- (1) providing low-income or underserved individuals or communities with beneficial products or services;
- (2) promoting economic opportunity for individuals or communities beyond the creation of jobs in the normal course of business;
- (3) protecting or restoring the environment;
- (4) improving human health;
- (5) promoting the arts, sciences, or advancement of knowledge;
- (6) increasing the flow of capital to entities with a purpose to benefit society or the environment; and
- (7) conferring any other particular benefit on society or the environment. (Section 3.)

The bill would provide that the directors of a benefit corporation shall consider the effects of any action or inaction upon:

- (1) the shareholders of the benefit corporation;
- (2) the employees and work force of the benefit corporation, its subsidiaries, and its suppliers;
- (3) the interests of customers as beneficiaries of the general public benefit or specific public benefit purposes of the benefit corporation;
- (4) community and societal factors, including those of each community in which offices or facilities of the benefit corporation, its subsidiaries, or its suppliers are located;
- (5) the local and global environment;
- (6) the short-term and long-term interests of the benefit corporation; and
- (7) the ability of the benefit corporation to accomplish its general public benefit purpose and any specific public benefit purpose. (Section 8.)

The bill would provide for limitation of personal liability of directors for monetary damages. (Sections 8 and 12.)

The bill would provide for the designation and duties of a benefit director and a benefit officer. (Sections 9 and 11.)

The bill would provide for duties of officers and for limitation of personal liability of officers for monetary damages. (Sections 10 and 12.)

The bill would provide for preparation and availability of an annual benefit report. (Section 13.) The benefit report would be filed with the Secretary of State. (Section 14.)

The bill would also amend section 84-511 to authorize the Secretary of State to provide for the electronic transmission and filing of documents delivered for filing under the Nebraska Benefit Corporation Act.

Mike Gloor, Chairperson