

Legislative Analysis



TRIPLE BENEFIT & PUBLIC BENEFIT CORPORATIONS

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House Bill 6454

Sponsor: Rep. Vicki Barnett

Committee: New Economy and Quality of Life

Complete to 9-21-10

A SUMMARY OF HOUSE BILL 6454 AS INTRODUCED 9-16-10

The bill would amend the Business Corporation Act to include **public benefit corporations** or **triple benefit corporations** under the definitions of "corporation" or "domestic corporation" in the act.

A public benefit corporation is defined in the bill as a domestic corporation that has included in its articles of incorporation a purpose that meets all of the following requirements (and at all times conducts itself so as to meet those requirements):

** The corporation significantly furthers the accomplishment of one or more charitable or educational purposes described in Section 170(c)(2)(b) of the federal Internal Revenue Code and would not have been formed except to accomplish those purposes.

** The production of income or appreciation of property is not a significant purpose of the corporation. (However, in the absence of other factors, the fact a corporation produces significant income or capital appreciation is not conclusive evidence of a significant purpose involving the production of income or the appreciation of property.)

** The purposes of the corporation do not include accomplishing one or more political or legislative purposes as described in the federal Internal Revenue Code.

(As introduced, the bill defines "triple benefit" corporation twice, but it is understood that it intends to define a "public benefit" corporation as described above.)

A triple benefit corporation is defined in the bill as a domestic corporation that includes in its articles of incorporation a purpose that meets all of the following requirements (and at all times conducts itself so as to meet those requirements):

** The corporation must balance the interests of both people and the planet while pursuing profit.

** The corporation exists to serve equally the interest of all of its stakeholders, including shareholders, employees, contractors, creditors, customers, suppliers, society at large, and the physical world in which it operates.

**The production of income or appreciation of property is considered of equal importance to serving the interests of society, and the directors, managers, and employees must strive at all times to balance the interests of all of the stakeholders described in the paragraph above in connection with pursuing profits or appreciation of the corporation's property.

** The corporation is permitted to engage in any political or legislative activities allowed by law if the objectives of those activities further the interests of all the stakeholders equally and not just the interests of the corporation or its industry.

The bill then adds provisions regarding these two kinds of corporation in several other sections of the Business Corporation Act, regarding articles of incorporation, the duties of a director or officer of a corporation, and the ability of the attorney general to bring an action to dissolve a corporation if it fails to meet statutory requirements.

MCL 450.1106 et al.

FISCAL IMPACT:

The bill would have no significant impact on the Department of Energy, Labor, and Economic Growth (Bureau of Commercial Services), which administers the Business Corporations Act. The department would incur additional administrative expenses relative to the revision of certain forms and the processing of additional forms and documents concerning how certain companies are organized. It is likely that existing corporations re-organizing as a triple benefit corporation or public trust corporation would, at the very least, be required to file an amended Articles of Incorporation with the department. The fee associated with that is \$10.00.

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