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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2499

02/27/2012 Authored by Runbeck and Mahoney

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

03/27/2012 Adoption of Report: Pass as Amended and re-referred to the Committee on Civil Law

1.1 A bill for an act
1.2 relating to corporations; providing for incorporation of for-profit public benefit
1.3 corporations; proposing coding for new law as Minnesota Statutes, chapter 304A.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. [304A.01] CITATION.

1.6 This chapter may be cited as the "Minnesota Public Benefit Corporation Act."

1.7 Sec. 2. [304A.02] DEFINITIONS.

1.8 Subdivision 1. **Applicability.** For purposes of this chapter, the terms defined in this
1.9 section have the meanings given.

1.10 Subd. 2. **Best interests of the corporation.** "Best interests of the corporation"
1.11 means those goals and objectives that are reasonably believed to provide for long-term
1.12 public benefit or to advance one or more interests of stakeholders.

1.13 Subd. 3. **Public benefit.** "Public benefit" means providing public goods,
1.14 improvements, and advantages for the well-being of the general public in local, state,
1.15 national, or world communities through for-profit business undertakings.

1.16 Subd. 4. **Stakeholder.** "Stakeholder" means:

1.17 (1) a shareholder;

1.18 (2) an employee;

1.19 (3) a customer;

1.20 (4) a community of interest identified in the bylaws or articles of incorporation; or

1.21 (5) a creditor.

1.22 Sec. 3. [304A.03] RELATIONSHIP TO OTHER LAW.

Chapter 302A, including its definitions, applies to corporations incorporated or governed under this chapter, except as otherwise provided in this chapter or where chapter 302A conflicts with this chapter.

Sec. 4. **[304A.04] INCORPORATION.**

(a) A for-profit corporation may be incorporated under this chapter to pursue one or more modes of public benefit as stated in its articles of incorporation.

(b) The secretary of state shall maintain incorporation records in a manner that clearly distinguishes public benefit corporations incorporated under this chapter.

(c) A corporation incorporated under this chapter shall include as part of its corporate name the phrase "public benefit corporation" or the abbreviation "PBC."

Sec. 5. **[304A.05] STANDARD OF CONDUCT; BEST INTERESTS OF CORPORATION.**

Subdivision 1. **Standard.** (a) A director or officer of a public benefit corporation shall discharge the duties of the position in a manner the director or officer reasonably believes to be in the best interests of the corporation, as defined in section 304A.02.

(b) Subject to the best interests of the corporation standard under paragraph (a), section 302A.251, subdivisions 1 to 4, apply to directors and section 302A.361 applies to officers of a public benefit corporation.

Subd. 2. **Liability.** Nothing in this chapter creates liability to, or a cause of action in favor of, a person other than the corporation or a shareholder.

Sec. 6. **[304A.06] STAKEHOLDER ENGAGEMENT.**

Subdivision 1. **Stakeholder impact.** The board of a public benefit corporation shall provide opportunities for engagement and advisory input from stakeholders other than shareholders, such as regular stakeholder meetings scheduled by the board of a Web site or e-mail listserve provided by the corporation for communication among those stakeholders and between those stakeholders and the officers and directors.

Subd. 2. **Public interest reports.** A public benefit corporation shall produce and publish an annual report to the public on its financial condition and describing its efforts with respect to achieving public benefit and engaging with material stakeholder interests. If the corporation is a publicly held corporation, as defined in section 302A.011, subdivision 40, the corporation shall produce and publish the annual public interest report at the same time as it files its annual financial report required under federal securities laws. The public interest report must summarize the corporation's actions undertaken within the

- 3.1 preceding year that benefit the public interest and stakeholders other than shareholders and
- 3.2 must describe how the corporation takes into account those interests.