

**STATE
FISCAL IMPACT**

Drafting Number: LLS 12B-2006
Prime Sponsor(s): Rep. Levy
 Sen. Roberts

Date: May 14, 2012
Bill Status: House SVMA
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TITLE: CONCERNING BENEFIT CORPORATIONS.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
Cash Funds		
Department of State Cash Fund	<\$250	<\$500
State Expenditures		
Cash Funds		
Department of State Cash Fund	\$52,688	
FTE Position Change		
Effective Date: January 1, 2013, unless a referendum petition is filed.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

On and after January 1, 2013, this bill permits a corporation to declare itself to be a benefit corporation if it includes a statement to that effect in its articles of incorporation and also specifies in its articles an additional purpose of providing a public benefit. A corporation must obtain shareholder consent, or consent of each voting group entitled to vote, by 2/3 majority in order to amend its articles of incorporation to indicate it is a benefit corporation.

The bill specifies the circumstances under which a benefit corporation must comply with the "Colorado Charitable Solicitations Act" and the "Colorado Securities Act".

State Revenue

This bill is expected to increase revenue by less than \$250 in FY 2012-13 and less than \$500 in FY 2013-14 to the Department of State Cash Fund. The revenue is from existing corporations converting to benefit corporations. The current fee to amend articles of incorporation is \$25. There are currently ten corporations in Colorado that are already certified as benefit corporations by an independent organization. The fiscal note assumes that each of these corporations

will amend their articles of incorporation to convert to a benefit corporation under Colorado law, resulting in \$250 in revenue in FY 2012-13. Other corporations may also elect to become benefit corporations but this number is unknown and assumed to be less than \$250 in FY 2012-13 and FY 2013-14.

The fiscal note assumes that new organizations that incorporate as benefit corporations will incorporate regardless of this legislation, so no other increase in revenue is expected.

State Expenditures

This bill increases costs in the Department of State by \$52,688 in FY 2012-13. To implement the bill, the department is required to modify its computer system to accommodate the registration of the new type of entity. This will require 712 hours of contracted computer programming time at a rate of \$74 per hour. These costs are paid from the Department of State Cash Fund, which has sufficient funds from fee revenue to cover this expense.

State Appropriations

The Department of State requires a cash funds appropriation of \$52,688 for FY 2012-13 from the Department of State Cash Fund.

Departments Contacted

Department of State