



STATE FISCAL IMPACT

Drafting Number: LLS 12B-2009**Date:** May 14, 2012**Prime Sponsor(s):** Sen. Bacon**Bill Status:** Senate Judiciary

Rep. Massey

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TITLE: CONCERNING BENEFIT CORPORATIONS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
Cash Funds		
Department of State Cash Fund	<\$500	<\$250
State Expenditures		
Cash Funds		
Department of State Cash Fund	\$52,688	
FTE Position Change		
Effective Date: The bill takes effect upon signature of the Governor, or on taking effect without his signature.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill creates the "Invest in Colorado Act" and establishes the requirements for a corporation to be created as, or elect to become, a benefit corporation. A benefit corporation must identify its corporate purpose as promoting a specific public benefit such as improving human health, preserving the environment, or providing low-income individuals with beneficial products or services. In addition, a benefit corporation must consider how corporate decisions affect its employees, the community and environment. The social and environmental performance of a benefit corporation must be measured using third-party standards and reported to shareholders and the Secretary of State.

When a benefit corporation is formed as a new business, it must state that it is a benefit corporation in its articles of incorporation. An existing business can elect to become a benefit corporation by amending its articles of incorporation. A shareholder is entitled to dissent and obtain payment of the fair market value of the shareholder's shares in the event of a corporation merger, conversion, or election to become or cease to be a benefit corporation. If a benefit corporation is also a charitable organization and intends to solicit contributions other than the offer or sale of a security of the benefit corporation, it must comply with the obligations of the "Colorado Charitable Solicitations Act" (CCSA). Further, the offer or sale of a security of a benefit corporation is not a solicitation for purposes of the CCSA if it complies with the "Colorado Securities Act".

State Revenue

This bill is expected to increase revenue by less than \$500 in FY 2012-13 and less than \$250 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

Consistent with this fiscal note, the bill includes an appropriation of \$52,688 from the Department of State Cash Fund to the Department of State for FY 2012-13.

Departments Contacted

Department of State