


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 11-0254
Prime Sponsor(s): Sen. Bacon
 Rep. Massey

Date: January 20, 2011
Bill Status: Senate Business, Labor & Technology
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING BENEFIT CORPORATIONS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
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: August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill creates the Colorado Benefit Corporation Act and establishes the requirements for an organization to incorporate as 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.

State Revenue

This bill is expected to increase revenue by less than \$500 in FY 2011-12 and less than \$250 in FY 2012-13 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 10 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 2011-12. Other corporations may also elect to become benefit corporations but this number is unknown and assumed to be less than \$250 in FY 2011-12 and FY 2012-13.

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 2011-12. 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 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 2011-12 from the Department of State Cash Fund.

Departments Contacted

Department of State