

Testimony before the
Kansas House Commerce, Labor and Economic Development Committee
in regards to
Benefit Corporation Legislation

Presented by, Holly Ensign-Barstow, B Lab
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Chairman Kleeb and Committee Members,

My name is Holly Ensign-Barstow and I am here in support of HB 2650 benefit corporation legislation. I am a Policy Associate with B Lab, a nonprofit business organization.

Pro-business. HB 2650 is a pro-business bill that will create a new voluntary business form known as a benefit corporation. Benefit corporations deregulate the purpose of a corporation by allowing the free market, specifically the entrepreneur, to decide on how the business should operate. This new form gives the freedom to entrepreneurs and business owners to consider other factors **in addition to profit**. For example, if a company wishes to combine the quest for profit with the desire to consider additional purposes, such as their faith, community safety or simply to prioritize Kansas produced goods and services, they can without worrying about the legal implications. In all other areas, including taxes and regulation, benefit corporations are the same as a traditional corporation.

Existing Benefit Corporations; support from Fortune 500 firms. To date over 550 companies have already taken advantage of this new corporate form, many of them in the last six months alone. Companies such as **Patagonia**, the clothing company, and **King Arthur Flour**, one of the oldest companies in America, have become benefit corporations in their respective states. Formal support is also found from **Campbell's Soup Company** and **Prudential**. We have also witnessed several companies leaving their home state to incorporate in states that have benefit corporation legislation.

Economic Development tool. Benefit corporation legislation also provides a cost free economic development tool for States, because companies that voluntarily choose this form create an annual benefit report, similar to an annual financial report but focused on their qualitative activities. This additional transparency element gives impact investors credible, independent and transparent information regarding a company's mission, so they can make wise and quick investment decisions. This is all done through the free market, where there is \$3 trillion in social impact investing money available today, without any reliance on government or additional regulation.

Venture Capital Incentive. We work with numerous impact investors who support the passage of the legislation, including **Albert Wenger of Union Square Ventures**, who advocated on behalf of the legislation in Delaware and **David Hills of Veris Wealth Partners** who just testified a few weeks ago in support of the legislation in New Hampshire.

Permits Entrepreneurs to follow their vision. Many of our member businesses want benefit corporation legislation because it helps them maintain their mission at the time of sale, succession or during any capital raises. For example, **The Redwoods Group**, *an insurance company that insures half the YMCAs throughout the country*, but also works to reduce the incidences of childhood abuse and drowning. The founder is so dedicated to this purpose that he will not take on outside investors for fear of having to give up his mission. Instead, he has vowed to not expand until he can become a benefit corporation in North Carolina. Patagonia, a company with revenue in excess of \$500 million, became a benefit corporation simply because the founder was looking to retire, but he wanted to make sure that the company he built from the ground up would survive and continue on as he intended it. **Albert Wegner, of Union Square Ventures**, *a well-known investing fund that gave the high impact companies Etsy and Kickstarter their start*, believes that **Benefit Corporation legislation is “critical for allowing mission driven companies to raise money from private investors and go public without using supervoting stock or other artificial controls to protect their mission”**.

20 States have already passed; KS as one of first in core Midwest. Currently, twenty states have passed benefit corporation legislation. The legislation has received 20 unanimous floor votes and been signed into law by many governors, including Republican Governors like South Carolina Governor Nikki Haley, Louisiana Governor Bobby Jindal, Pennsylvania Governor Tom Corbett, Virginia Governor Bob McDonnell, Arizona Governor Jan Brewer, Nevada Governor Brian Sandoval, and New Jersey Governor Chris Christie. **The legislation is moving forward in 12 states this session, including, in addition to Kansas, Florida, Utah, and New Hampshire.** In Utah, we have passed all committees and one floor vote unanimously and are awaiting our final floor vote this week. The governor fully supports the legislation and sent his staff to testify at the hearing. In Florida the politically appointment Secretary of State is actively lobbying for the passage of the legislation.

In conclusion. Benefit corporation legislation is a completely voluntary cost free option that deregulates the traditional fiduciary duty of a corporation and allows the free market to solve some of the pressing issues facing society. The legislation can help attract jobs and investment and provide economic development opportunities for Kansas. **On behalf of the 950+ member businesses of B Lab, I urge your aye vote on HB 2650.**