

# Alaska State Legislature

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## **REPRESENTATIVE Paul Seaton**

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### **Sponsor Statement**

HB 346

HB 346 expands the options for Alaskan entrepreneurs and investors by placing a new type of corporate entity, the benefit corporation, in Alaskan statute. A benefit corporation is a for-profit corporation which incorporates public benefits and community improvement into its business practices, no matter the principal service or product provided. Allowing the creation of benefit corporations will give business owners more choice in how to run their business and will bring to Alaska a slice of the \$3.7 trillion that is invested nationally in similar corporations.

Corporate law generally requires a corporation to consider the financial impact to their shareholders as the top priority when making decisions. Under the benefit corporate structure, owners and boards have the freedom to take actions which positively impact their communities without fear of violating a fiduciary duty. Benefit corporations are formed voluntarily and have the same tax status of any other for-profit corporation. By electing in their articles of incorporation to become a benefit corporation, a business simply gains the flexibility to include mission and social impact in their business practices.

Twenty other states have passed benefit corporation legislation and many more have benefit bills in process. Over 550 benefit corporations have incorporated in those states, including Ben & Jerry's, Patagonia, Rasmussen College, Epic Coffee, and King Arthur Flour Company (America's oldest flour company). Each of these companies works to benefit the public and their communities in the way that matters most to them.

HB 346 also includes measures to ensure accountability and transparency. Just as a traditional corporation provides their shareholders with financial reports, a benefit corporation will additionally create and publish an annual benefit report describing how the company has pursued the general public benefit. This report, which is held against a third party standard, allows shareholders, investors, and the public to confidently invest in benefit corporations that share their values.

The goal of HB 346 is to give businesses more flexibility and control over their decisions and to provide investors with a clear social investment option.