

HOUSE BILL NO. 49

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES SEATON, Kreiss-Tomkins, Josephson, Gruenberg

Introduced: 1/21/15

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to corporations, including benefit corporations, and other entities; and**
2 **providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 10.06.633(a) is amended to read:

5 (a) A corporation may be dissolved involuntarily by the commissioner if

6 (1) the corporation is delinquent six months in filing its biennial report
7 or in paying its biennial corporation tax or a penalty;

8 (2) the corporation has failed for 30 days to appoint and maintain a
9 registered agent in the state;

10 (3) the corporation has failed for 30 days after change of its registered
11 office or registered agent to file in the office of the commissioner a statement of the
12 change;

13 (4) the corporation has failed for two years to complete dissolution
14 under a certificate of election under AS 10.06.608 to dissolve;

(5) a vacancy on the board of the corporation is not filled within six months or the next annual meeting, whichever occurs first;

(6) a misrepresentation of material facts has been made in the application, report, affidavit, or other document submitted under this chapter; [OR]

(7) the corporation is 90 days delinquent in filing notice of change of an officer, director, alien affiliate, or five percent shareholder, as required by this chapter; or

(8) the corporation, if a benefit corporation, is delinquent six months or more in delivering its benefit report to the department under AS 10.60.570 or in paying the filing fee for the benefit report; in this paragraph, "benefit corporation" and "benefit report" have the meanings given in AS 10.60.990.

* **Sec. 2.** AS 10 is amended by adding a new chapter to read:

Chapter 60. Benefit Corporations.

Article 1. Establishment and Termination.

Sec. 10.60.010. Establishment of benefit corporation. A business corporation may become a benefit corporation by

(1) including, at the time of the business corporation's organization under AS 10.06 or AS 10.45, in the business corporation's articles of incorporation a statement that the business corporation is a benefit corporation under this chapter; or

(2) amending its articles of incorporation to contain a statement that the business corporation is a benefit corporation under this chapter; the amendment shall be adopted by at least the minimum vote required under AS 10.60.700(a) for a status change.

Sec. 10.60.020. Approval where organic change. If an entity that was formed under the laws of this state is not a benefit corporation but is a party to a merger, consolidation, conversion, or interest or share exchange under AS 10.06 or AS 10.55, and the surviving, new, or resulting entity in the merger, consolidation, conversion, or interest or share exchange is a benefit corporation, the domestic entity shall approve, by at least the minimum vote required under AS 10.60.700(b) for a status change, the plan of merger, consolidation, conversion, or interest or share exchange.

1 **Sec. 10.60.030. General public benefit purpose.** (a) A benefit corporation
 2 shall have a purpose of creating general public benefit from the business and
 3 operations of the benefit corporation. That purpose is in addition to the benefit
 4 corporation's purpose under AS 10.06.005.

5 (b) The achievement of the general public benefit purpose under (a) of this
 6 section is determined after all of the effects of the business and operations of the
 7 benefit corporation are considered.

8 (c) The creation of general public benefit under (a) of this section is in the best
 9 interests of the benefit corporation.

10 **Sec. 10.60.040. Specific public benefit purpose.** (a) In addition to its general
 11 public benefit purpose, a benefit corporation may identify in its articles of
 12 incorporation one or more specific public benefit purposes.

13 (b) A benefit corporation may amend its articles of incorporation to add,
 14 amend, or delete a specific public benefit purpose. The benefit corporation shall adopt
 15 the amendment by at least the minimum vote required under AS 10.60.700(a) for a
 16 status change.

17 (c) The identification of a specific public benefit purpose under (a) of this
 18 section does not limit the benefit corporation's general public benefit purpose.

19 (d) A benefit corporation may further a specific public benefit by
 20 (1) providing low-income or underserved individuals, families, or
 21 communities with beneficial products, services, or educational opportunities;
 22 (2) promoting economic opportunity for individuals or communities
 23 beyond the creation of jobs in the normal course of business;
 24 (3) improving human health;
 25 (4) promoting the arts, sciences, or advancement of knowledge;
 26 (5) increasing the flow of capital to entities with a purpose to benefit
 27 the public; or
 28 (6) conferring another type of benefit on people or their surroundings.

29 (e) Pursuing a specific public benefit identified under this section is in the best
 30 interests of the benefit corporation.

31 **Sec. 10.60.050. Professional corporations.** A professional corporation under

AS 10.45 that is a benefit corporation does not violate AS 10.45 by having a general public benefit purpose or a specific public benefit purpose.

Sec. 10.60.060. Termination of benefit corporation status. (a) A benefit corporation may terminate its status as a benefit corporation and cease to be subject to this chapter by amending its articles of incorporation to delete the statement required by AS 10.60.010 to be in the articles of incorporation. The benefit corporation shall adopt the amendment by at least the minimum vote required under AS 10.60.700(a) for a status change.

(b) If a benefit corporation is a party to merger, consolidation, conversion, or interest or share exchange that would have the effect of terminating the status of a benefit corporation, the benefit corporation shall approve, by at least the minimum vote required under AS 10.60.700(a) for a status change, the plan of merger, consolidation, conversion, or interest or share exchange.

Sec. 10.60.070. Disposition of assets. If a benefit corporation transacts a sale, lease, exchange, or other disposition of all or substantially all of the assets of the benefit corporation, unless the transaction is in the usual and regular course of business, the benefit corporation shall approve the sale, lease, exchange, or other disposition of all or substantially all of the assets of the benefit corporation by at least the minimum vote required under AS 10.60.700(a) for a status change.

Article 2. Directors.

Sec. 10.60.100. Standard of conduct for directors. In discharging their duties and in considering the best interests of a benefit corporation, the board of directors, committees of the board, and individual directors of the benefit corporation

(1) shall consider the effects of an action or inaction on

(A) the shareholders of the benefit corporation;

(B) the employees and workforce of the benefit corporation, its subsidiaries, and its suppliers;

(C) the interests of customers to the extent they are beneficiaries of the general public benefit purpose or specific public benefit purpose of the benefit corporation;

(D) community and societal factors, including the interests of

each community in which offices or facilities of the benefit corporation, its subsidiaries, or its suppliers are located;

(E) local and global health;

(F) the short-term and long-term interests of the benefit corporation, including benefits that may accrue to the benefit corporation from its long-term plans and the possibility that those interests may be best served by the continued independence of the benefit corporation; and

(G) the ability of the benefit corporation to accomplish its general public benefit purpose and specific public benefit purpose, if any;

(2) may consider

(A) the resources, intent, and conduct of a person seeking to acquire control of the benefit corporation; and

(B) other pertinent factors or the interests of other groups the directors consider appropriate;

(3) are not required to give priority to a particular interest or factor referred to in (1) or (2) of this section over another interest or factor unless the benefit corporation has stated in its articles of incorporation its intention to give priority to certain interests or factors related to its accomplishment of its general public benefit purpose or of a specific public benefit purpose identified in its articles.

Sec. 10.60.110. Coordination with other corporate board requirements.

The consideration of interests and factors in the manner required by AS 10.60.100 does not constitute a violation of AS 10.06.450.

Sec. 10.60.120. Exoneration from personal liability. Except as provided in

the articles of incorporation, a director is not personally liable for monetary damages for

(1) an action or inaction in the course of performing the duties of a director under AS 10.60.100 if the director performed the duties of office in compliance with AS 10.06.450 and AS 10.60.100 - 10.60.140; or

(2) a failure of the benefit corporation to pursue or create a general public benefit or a specific public benefit.

Sec. 10.60.130. No duty to beneficiary. A director of a benefit corporation

1 does not have a duty arising from the person's status as a beneficiary to a person who
 2 is a beneficiary of the general public benefit purpose or a specific public benefit
 3 purpose of the benefit corporation.

4 **Sec. 10.60.140. Business judgments.** (a) A director of a benefit corporation
 5 who makes a business judgment in good faith fulfills the duty under AS 10.60.100 -
 6 10.60.140 if the director

7 (1) is disinterested in the subject of the business judgment;

8 (2) is informed with respect to the subject of the business judgment to
 9 the extent the director reasonably believes to be appropriate under the circumstances;
 10 and

11 (3) reasonably believes that the business judgment is in the best
 12 interests of the benefit corporation; in this paragraph, "best interests" includes the
 13 creation of the general public benefit purpose and any specific public benefit purpose.

14 (b) When making a determination under (a) of this section, the director shall
 15 consider the interests and factors listed in AS 10.60.100.

16 **Article 3. Benefit Director.**

17 **Sec. 10.60.150. Benefit director.** The board of directors of a benefit
 18 corporation may include a director who

19 (1) is designated the benefit director; and

20 (2) has, in addition to the powers, duties, rights, and immunities of the
 21 other directors of the benefit corporation, the powers, duties, rights, and immunities
 22 provided in AS 10.60.150 - 10.60.220.

23 **Sec. 10.60.160. Election of benefit director.** The board of directors shall elect
 24 and may remove the benefit director in the manner provided by AS 10.06.453 -
 25 10.06.463.

26 **Sec. 10.60.170. Qualifications of benefit director.** (a) The benefit director of
 27 a benefit corporation, except as provided in AS 10.60.210, shall be an individual who
 28 does not have a material relationship under AS 10.60.220 with the benefit corporation
 29 or a subsidiary of the benefit corporation. The benefit director may serve as the benefit
 30 officer at the same time as serving as the benefit director. The articles of incorporation
 31 or bylaws of a benefit corporation may prescribe additional qualifications of the

benefit director not inconsistent with this subsection.

(b) Serving as benefit director of a benefit corporation does not establish that an individual has a material relationship with the benefit corporation or a subsidiary of the benefit corporation.

Sec. 10.60.180. Compliance statement. The benefit director shall prepare, and the benefit corporation shall include in the benefit report to shareholders required by AS 10.60.500,

(1) the opinion of the benefit director on whether the benefit corporation acted in accordance with its general public benefit purpose and any specific public benefit purpose in all material respects during the period covered by the report;

(2) the opinion of the benefit director on whether the directors and officers complied with AS 10.60.100 and 10.60.230 during the period covered by the report; and

(3) if the benefit director believes the benefit corporation or its directors or officers failed to act or comply in the manner described in (1) or (2) of this section, a description of the ways in which the benefit corporation or its directors or officers failed to act or comply.

Sec. 10.60.190. Status of actions. The action or inaction of a benefit director in the capacity of a benefit director constitutes for all purposes an action or inaction of that individual in the capacity of a director of the benefit corporation.

Sec. 10.60.200. Exoneration from personal liability. Regardless of whether the articles of incorporation of a benefit corporation include a provision eliminating or limiting the personal liability of directors under AS 10.06.210, a benefit director is not personally liable for an action or omission when done in the capacity of a benefit director unless the action or omission constitutes self-dealing, willful misconduct, or a knowing violation of law.

Sec. 10.60.210. Professional corporations. The benefit director of a benefit corporation that is a professional corporation under AS 10.45 is not prohibited from having a material relationship under AS 10.60.220 with the benefit corporation or a subsidiary of the benefit corporation.

1 **Sec. 10.60.220. Material relationship.** When determining under
 2 AS 10.60.170 whether a benefit director of a benefit corporation has a material
 3 relationship with the benefit corporation or a subsidiary of the benefit corporation, a
 4 material relationship is conclusively presumed to exist if

5 (1) the individual is, or has been within the last three years, an
 6 employee other than a benefit officer of the benefit corporation or a subsidiary;

7 (2) an immediate family member of the individual is, or has been
 8 within the last three years, an executive officer other than a benefit officer of the
 9 benefit corporation or a subsidiary;

10 (3) there is beneficial or record ownership of five percent or more of
 11 the outstanding shares of the benefit corporation, calculated as if all outstanding rights
 12 to acquire equity interests in the benefit corporation had been exercised, by

13 (A) the individual; or

14 (B) an entity

15 (i) of which the individual is a director, an officer, or a
 16 manager; or

17 (ii) in which the individual owns beneficially or of
 18 record five percent or more of the outstanding equity interests,
 19 calculated as if all outstanding rights to acquire equity interests in the
 20 entity had been exercised.

21 **Article 4. Officers.**

22 **Sec. 10.60.230. Standard of conduct for officers.** An officer of a benefit
 23 corporation shall consider the interests and factors under AS 10.60.100 if the officer

24 (1) has discretion to act with respect to a matter; and

25 (2) reasonably believes that the matter identified under (1) of this
 26 section may have a material effect on the creation by the benefit corporation of general
 27 public benefit or a specific public benefit identified in the articles of incorporation of
 28 the benefit corporation.

29 **Sec. 10.60.240. Coordination with other corporate officer requirements.**
 30 The consideration of interests and factors under AS 10.60.230 by an officer of a
 31 benefit corporation does not constitute a violation of AS 10.06.483.

1 **Sec. 10.60.250. Exoneration from personal liability.** Except as provided in
 2 the articles of incorporation, an officer of a benefit corporation is not personally liable
 3 for monetary damages for

4 (1) an action or inaction as an officer in the course of performing the
 5 duties of an officer under AS 10.60.230 - 10.60.270 if the officer performs the duties
 6 of the position in compliance with AS 10.06.483 and this section; or

7 (2) a failure of the benefit corporation to pursue or create a general
 8 public benefit or a specific public benefit.

9 **Sec. 10.60.260. No duty to beneficiary.** An officer of a benefit corporation
 10 does not have a duty arising from the person's status as a beneficiary to a person who
 11 is a beneficiary of the general public benefit purpose or a specific public benefit
 12 purpose of the benefit corporation.

13 **Sec. 10.60.270. Business judgment.** An officer who makes a business
 14 judgment in good faith fulfills the duty under AS 10.60.230 - 10.60.270 if the officer

15 (1) is disinterested in the subject of the business judgment;

16 (2) is informed with respect to the subject of the business judgment to
 17 the extent the officer reasonably believes to be appropriate under the circumstances;
 18 and

19 (3) reasonably believes that the business judgment is in the best
 20 interests of the benefit corporation; in this paragraph, "best interests" includes the
 21 creation of the general public benefit purpose and any specific public benefit purpose.

22 **Sec. 10.60.280. Benefit officer.** A benefit corporation may designate an officer
 23 as the benefit officer of the benefit corporation. A benefit officer has the powers and
 24 duties of the benefit corporation that relate to the creation of a general public benefit
 25 and a specific public benefit, as the powers and duties are provided in the bylaws, or,
 26 absent controlling provisions in the bylaws, by resolutions or orders of the board of
 27 directors. A benefit officer shall prepare the benefit report required by AS 10.60.500.

28 **Article 5. Actions and Claims.**

29 **Sec. 10.60.300. Actions and claims.** Unless another provision of this chapter
 30 limits liability, a person identified under AS 10.60.320 may bring an action or assert a
 31 claim against a benefit corporation or its directors or officers with respect to

(1) a failure to pursue or create general public benefit or a specific public benefit set out in its articles of incorporation; or

(2) a violation of an obligation, duty, or standard of conduct under this chapter.

Sec. 10.60.310. Limitation on liability of benefit corporation.

Notwithstanding AS 10.60.300, a benefit corporation is not liable for monetary damages under this chapter for a failure of the benefit corporation to pursue or create a general public benefit or a specific public benefit.

Sec. 10.60.320. Right to bring action. (a) An action under AS 10.60.300 may be commenced or maintained only

(1) directly by the benefit corporation; or

(2) derivatively under AS 10.06.435 by

(A) a person or group of persons that owned beneficially or of record at least two percent of the total number of the shares of the benefit corporation of a class or series outstanding at the time of the act or omission complained of;

(B) a director of the benefit corporation;

(C) a person or group of persons who owned beneficially or of record five percent or more of the outstanding equity interests in a person of which the benefit corporation is a subsidiary at the time of the act or omission complained of; or

(D) another person specified in the articles of incorporation or bylaws of the benefit corporation.

(b) In this section, a person is the beneficial owner of shares or equity interests if the shares or equity interests are held in a voting trust or by a nominee on behalf of the person.

Article 6. Reporting.

Sec. 10.60.500. Benefit report. In addition to the biennial report required by AS 10.06.805, a benefit corporation shall prepare a biennial benefit report.

Sec. 10.60.510. Contents of report. The benefit report required by AS 10.60.500 must contain, for the period covered by the benefit report,

- 1 (1) a description of
 - 2 (A) the ways in which the benefit corporation pursued the
 - 3 general public benefit and the extent to which the benefit corporation created
 - 4 general public benefit;
 - 5 (B) the ways in which the benefit corporation pursued each
 - 6 specific public benefit identified in the articles of incorporation and the extent
 - 7 to which the benefit corporation created the specific public benefit;
 - 8 (C) any circumstances that have hindered the creation by the
 - 9 benefit corporation of general public benefit or specific public benefit;
 - 10 (D) the process and rationale for selecting or changing the
 - 11 third-party standard used to prepare the benefit report;
- 12 (2) an assessment of the overall performance of the general public
- 13 benefit purpose by the benefit corporation against a third-party standard
 - 14 (A) applied consistently with any application of that standard in
 - 15 prior benefit reports; or
 - 16 (B) accompanied by an explanation of the reasons for
 - 17 (i) any inconsistent application; or
 - 18 (ii) the change to that standard from the one used in the
 - 19 immediately prior report;
- 20 (3) the name of the benefit director, if any, and the benefit officer, if
- 21 any, and the address to which correspondence to each of them may be directed;
- 22 (4) the compensation paid by the benefit corporation to each director in
- 23 the capacity of a director;
- 24 (5) the statement of the benefit director described in AS 10.60.180; and
- 25 (6) a statement of any connection between the organization that
- 26 established the third-party standard or its directors, officers, or any holder of five
- 27 percent or more of the governance interests in the organization and the benefit
- 28 corporation or its directors, officers, or any holder of five percent or more of the
- 29 outstanding shares of the benefit corporation, including any financial or governance
- 30 relationship that might materially affect the credibility of the use of the third-party
- 31 standard.

1 **Sec. 10.60.520. Correspondence relating to change of benefit director.** If,
2 during the period covered by a benefit report, a benefit director resigned from or
3 refused to stand for reelection to the position of benefit director, or was removed from
4 the position of benefit director, and the benefit director furnished the benefit
5 corporation with written correspondence concerning the circumstances surrounding
6 the resignation, refusal, or removal, the benefit report must include that
7 correspondence as an exhibit.

8 **Sec. 10.60.530. Audit not required.** A benefit corporation is not required to
9 have the benefit report, including the assessment of the performance of the benefit
10 corporation in the benefit report required by AS 10.60.510(2), audited or certified by a
11 person without a connection to the benefit corporation.

12 **Sec. 10.60.540. Delivery of benefit report to shareholders.** A benefit
13 corporation shall send its benefit report to each shareholder not later than the date that
14 is 120 days after the end of the period covered by the benefit report.

15 **Sec. 10.60.550. Internet website posting.** If a benefit corporation has an
16 Internet website, the benefit corporation shall post all of its benefit reports on the
17 public portion of the website. The benefit corporation may omit from the benefit
18 reports posted on the website the compensation paid to directors and financial or
19 proprietary information included in the benefit report.

20 **Sec. 10.60.560. Availability of copies of benefit report.** If a benefit
21 corporation does not have an Internet website, the benefit corporation shall provide a
22 copy of its most recent benefit report, without charge, to any person who requests a
23 copy, but the benefit corporation may omit the compensation paid to directors and
24 financial or proprietary information included in the benefit report from the copy of the
25 benefit report provided to the person.

26 **Sec. 10.60.570. Filing of report; delinquency.** (a) Concurrently with the
27 filing of its biennial report under AS 10.06.805, a benefit corporation shall deliver a
28 copy of the benefit report to the department for filing by the department, but the
29 benefit corporation may omit the compensation paid to directors and financial or
30 proprietary information included in the benefit report from the benefit report delivered
31 to the department. The department shall charge a fee established by the department for

1 filing a benefit report.

2 (b) If a benefit corporation is delinquent six months or more in delivering the
3 benefit report to the department under (a) of this section or in paying the filing fee for
4 the benefit report, the delinquency constitutes a basis for involuntary dissolution of the
5 benefit corporation under AS 10.06.633.

6 **Article 7. Miscellaneous Provisions.**

7 **Sec. 10.60.700. Status change approval.** (a) In addition to any other approval
8 or vote required for the status change, to accomplish a status change of a benefit
9 corporation,

10 (1) the benefit corporation shall allow all of the shareholders of each
11 class or series to vote as a separate voting group on the status change, regardless of a
12 limitation stated in the articles of incorporation or bylaws on the voting rights of a
13 class or series; and

14 (2) in each class or series, at least two-thirds of all votes that the
15 shareholders of that class or series are entitled to cast under (1) of this subsection on
16 the status change must approve the status change.

17 (b) In addition to any other approval, vote, or consent required for the status
18 change, to accomplish a status change of a domestic entity other than a business
19 corporation,

20 (1) the domestic entity shall allow all of the equity holders to vote on
21 or consent to the status change regardless of any otherwise applicable limitation on the
22 voting or consent rights of a class or series of equity interests; and

23 (2) in each class or series of equity interest, at least two-thirds of all of
24 the votes that the equity holders of that class or series are entitled to cast under (1) of
25 this subsection must approve the status change.

26 (c) In (b) of this section, "equity holder" means a person who holds any class
27 or series of equity interest in a domestic entity if the person is entitled to receive a
28 distribution of any kind arising out of the equity interest.

29 **Sec. 10.60.710. Shareholder dissent.** In addition to the corporate actions to
30 which a shareholder may dissent under AS 10.06.574(a), a shareholder of a business
31 corporation may dissent under AS 10.06.574 - 10.06.582 if the business corporation

1 amends its articles under AS 10.60.010(2) to become a benefit corporation.

2 **Sec. 10.60.720. Third-party standard.** In this chapter, whenever a third-party
3 standard is used, the standard refers to a recognized standard for defining, reporting,
4 and assessing corporate performance

5 (1) that is comprehensive because it assesses the effect of the benefit
6 corporation and its operations on the interests listed in AS 10.60.100(1)(B) - (E);

7 (2) that is developed by a person that is not controlled by the benefit
8 corporation;

9 (3) that is credible because it is developed by a person that

10 (A) has access to the expertise necessary to assess overall
11 corporate performance; and

12 (B) uses an approach, including a reasonable public comment
13 period, to develop the standard that is balanced and considers multiple
14 concerns and interests;

15 (4) for which the following information about the standard is publicly
16 available:

17 (A) the criteria considered when measuring the overall
18 performance of a business;

19 (B) the relative weightings, if any, of the criteria in (A) of this
20 paragraph;

21 (5) for which the following information about the development and
22 revision of the standard is publicly available:

23 (A) the identity of the directors, officers, material owners, and
24 governing body of the entity that developed and controls revisions to the
25 standard;

26 (B) the process by which revisions to the standard and changes
27 to the membership of the governing body are made;

28 (C) an accounting of the revenue and sources of financial
29 support for the entity, with sufficient detail to disclose any relationships that
30 could reasonably be considered to present a potential conflict of interest.

31 **Sec. 10.60.730. Tax exemptions.** A benefit corporation may not claim a tax

1 exemption under AS 43.20 (Alaska Net Income Tax Act) if the tax exemption is not
2 also available to corporations that are not benefit corporations.

3 **Sec. 10.60.740. Interpretation.** The authorization under AS 10.60.010 to form
4 a benefit corporation for a general public benefit purpose and the authorization under
5 AS 10.60.040 for a benefit corporation to identify a specific public benefit purpose
6 may not be interpreted to prevent a business entity that is formed under another law of
7 this state from including in its general powers the consideration of, or donation to, a
8 general public benefit purpose or a specific public benefit purpose.

9 **Article 8. General Provisions.**

10 **Sec. 10.60.910. Regulations.** The department may adopt regulations under
11 AS 44.62 (Administrative Procedure Act) to implement this chapter.

12 **Sec. 10.60.920. Application to business corporations generally.** The
13 existence of a provision of this chapter does not, by itself, suggest that a contrary or
14 different rule of law applies to a business corporation that is not a benefit corporation.
15 This chapter does not affect a statute or other law that applies to a business corporation
16 that is not a benefit corporation.

17 **Sec. 10.60.930. Applicable laws.** Except as otherwise provided in this chapter,
18 AS 10.06 applies to a benefit corporation. A benefit corporation may be
19 simultaneously subject to this chapter and AS 10.45. The provisions of AS 10.06 and
20 AS 10.45 are subject to this chapter.

21 **Sec. 10.60.940. Consistency with chapter.** A provision of the articles of
22 incorporation or bylaws of a benefit corporation may not limit, be inconsistent with, or
23 supersede a provision of this chapter.

24 **Sec. 10.60.990. Definitions.** In this chapter,

25 (1) "benefit corporation" means a business corporation that elects
26 under AS 10.60.010 to become subject to this chapter;

27 (2) "benefit director" means the director designated as the benefit
28 director of a benefit corporation under AS 10.60.150;

29 (3) "benefit officer" means the individual designated as the benefit
30 officer of a benefit corporation under AS 10.60.280;

31 (4) "benefit report" means the benefit report required by AS 10.60.500;

1 (5) "business corporation" means a corporation organized under
2 AS 10.06 or AS 10.45;

3 (6) "department" means the Department of Commerce, Community,
4 and Economic Development;

5 (7) "general public benefit" means a material positive effect on people
6 and their surroundings, taken as a whole, assessed against a third-party standard;

7 (8) "general public benefit purpose" means the public benefit purpose
8 under AS 10.60.030;

9 (9) "specific public benefit" means a benefit that serves a public
10 welfare, religious, charitable, scientific, literary, or educational purpose, or another
11 purpose beyond the strict interest of the shareholders of the benefit corporation;

12 (10) "specific public benefit purpose" means a specific public benefit
13 purpose that is identified as a public benefit purpose by a benefit corporation under
14 AS 10.60.040(a) or (b);

15 (11) "status change" means

16 (A) an amendment of the articles of incorporation of a business
17 corporation under AS 10.60.010(2);

18 (B) the approval of a plan of merger, consolidation, conversion,
19 or interest or share exchange under AS 10.60.020;

20 (C) an amendment of the articles of incorporation of a benefit
21 corporation under AS 10.60.040(b);

22 (D) the termination of benefit corporation status under
23 AS 10.60.060; or

24 (E) a disposition of assets under AS 10.60.070;

25 (12) "subsidiary" means an entity in which a person owns beneficially
26 or of record 50 percent or more of the outstanding equity interests calculated as if all
27 outstanding rights to acquire equity interests in the entity had been exercised.

28 * **Sec. 3.** The uncoded law of the State of Alaska is amended by adding a new section to
29 read:

30 **TRANSITION: REGULATIONS.** The Department of Commerce, Community, and
31 Economic Development may adopt regulations necessary to implement this Act. The

1 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1,
2 2016.

3 * **Sec. 4.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

4 * **Sec. 5.** Except as provided in sec. 4 of this Act, this Act takes effect July 1, 2016.