



Alaska Sustainable Fisheries Trust

February 2, 2015

Dear Members of the Alaska Legislature,

We support the passage of House Bill 49 and ask that you provide for its earliest passage. We believe that it will provide a mechanism that is especially important to sustaining local economies in our state. This would create ability in a for-profit venture, such as the Local Fish Fund, which is a related entity of the non-profit Alaska Sustainable Fisheries Trust, to place social priorities related to its mission alongside the necessity to produce benefits for shareholders.

In Alaska, which has more non-profit corporations *per capita* than any other state, a great deal of the vital work of social services and community development has, until now, been carried by non-profits. At the same time, the culture of giving is under-developed, and Alaska has a very low *per capita* rate of charitable contribution. Due to the present atrophy of state budget, many non-profits may be forced to drastically cut back or even cease operations.

In this respect, the ability of private corporations to attract and raise capital offers a model of sustainable operations. This can provide for necessary infrastructure and the means of delivery of services needed in communities. However, the mandate of for-profit business is to produce the greatest possible legal returns for the investment of shareholders.

This is not always compatible with the objectives of community development and the needs for services in communities. For example, the potential returns for the same activities carried out in different communities can vary widely, affecting the allocation of resources and the availability of services. In other cases, the immediate returns available

to shareholders from leveraged buyouts financed through debt have frequently affected the long-term local viability of business operations, resulting in higher customer prices, fewer available services, and reduced local payroll.

The directors of for-profit enterprise are compelled, in these and other examples, to choose for the maximization of profit over any social objectives which may be intrinsic to the mission of the company. These social objectives would be protected under the operation of a non-profit, but the capital to produce them is difficult to attract. The Benefit Corporation (B-Corp) model was developed and has been implemented in a number of states to provide for operations of business which are subject to the legal requirements (including tax) of any other for-profit enterprise, with three particular differences:

- Benefit corporations create a "safe harbor" for boards of directors who take interests other than profit into account when making decisions on the corporation's behalf.
- Benefit corporations are required to declare and demonstrate their commitment to an independent, third-party standard.
- Benefit corporations can be held accountable for abandoning their commitment to their stated public-benefit purposes.

Studies indicate that there are large pools of capital available for investment in socially-concerned companies. It is expected that qualified investors in Alaska will be particularly interested in the transparency of local B Corp investment vehicles. The attraction of local companies that can produce modest returns while providing important services for sustainability of local communities is enhanced by comparison to the lack of transparency inherent in many distant investment products.

We are grateful for your attention, and hopeful of your support,

A handwritten signature in black ink, appearing to read "Gordon Blue". The signature is fluid and cursive, with the first name "Gordon" and last name "Blue" clearly distinguishable.

Gordon Blue, President