

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 124
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB124-DCCED-CBPL-03-24-17
Title: BENEFIT CORPORATIONS
Sponsor: KITO
Requester: (H) Labor & Commerce

Department: Department of Commerce, Community and
Economic Development
Appropriation: Corporations, Business and Professional
Licensing
Allocation: Corporations, Business and Professional
Licensing
OMB Component Number: 2360

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services	27.4						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	27.4	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	27.4						
Total	27.4	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/18

Why this fiscal note differs from previous version:

Not applicable, initial version.

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Division: <u>Corporations, Business and Professional Licensing</u>	Date: <u>03/24/2017 11:30 AM</u>
Approved By: <u>Catherine Reardon, Director</u>	Date: <u>03/24/17</u>
Agency: <u>Division of Administrative Services, DCCED</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB 124

Analysis

HB 124 adds a new chapter, Chapter 60, Benefit Corporations, which will allow a new or existing domestic (Alaskan) business corporation (organized under AS 10.06) or domestic professional corporation (organized under AS 10.45) to become a benefit corporation at creation or through an amendment.

A domestic benefit corporation, in addition to any lawful purpose under AS 10.06 or AS 10.45, must have a purpose of creating general public benefit from the business and operations of a benefit corporation. A general public benefit means a material positive effect on people and their surroundings which is assessed against a third-party standard.

A domestic benefit corporation may also identify one or more specific public benefit purpose, meaning a specific purpose which serves a public welfare, religious, charitable, scientific, literary, educational, or other purpose beyond the strict interest of the shareholder of the domestic benefit corporation.

HB 124 requires a domestic benefit corporation to file a benefit report as part of its biennial report and amends AS 10.06.633 to allow for the administrative dissolution of a benefit corporation if it fails to file or pay the filing fee for a benefit report.

The Corporation Section database will need modification to create a new entity indicator, new types of officials, and a new reporting requirement. This will require a program system change to the corporations database. A regulations project will be necessary to adopt regulations for the newly created Chapter 60, Benefit Corporations, and to amend AS 10.06.633.

This bill only provides for domestic (Alaskan) benefit corporations. It does not provide for the state to accept or recognize a foreign (non-Alaskan) benefit corporation. Foreign benefit corporations would file in Alaska as a foreign business corporation and their home state would regulate the "benefit" element.

If the bill passes the following expenses will be incurred:

Services: \$16.9 (legal costs to amend regulations, printing, and postage in the first year)
 \$10.5 (information technology services for system change)

Business licensing fees at CBPL are funded by General Fund/Program Receipts fund source 1005 GF/Prgm (DGF). Business licensing fees are set per AS 43.70, revenue in excess of authorized budgeted expenses reverts to the State of Alaska general fund.