

**CS FOR HOUSE BILL NO. 124(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 5/10/17**

**Referred: Rules**

**Sponsor(s): REPRESENTATIVES KITO, Grenn, Gara, Kawasaki, Spohnholz, Josephson, Parish, Tarr**

**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;

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

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

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

8 **(8) the corporation, if a benefit corporation, is delinquent six**  
9 **months or more in including its benefit report in its biennial report under**  
10 **AS 10.60.570 or in paying the fee established under AS 10.60.570 for including**  
11 **the benefit report in the biennial report; in this paragraph, "benefit corporation"**  
12 **and "benefit report" have the meanings given in AS 10.60.990.**

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

14 **Chapter 60. Benefit Corporations.**

15 **Article 1. Establishment and Termination.**

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

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

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

25 **Sec. 10.60.020. Approval where organic change.** If an entity that was formed  
26 under the laws of this state is not a benefit corporation but is a party to a merger,  
27 consolidation, conversion, or interest or share exchange under AS 10.06 or AS 10.55,  
28 and the surviving, new, or resulting entity in the merger, consolidation, conversion, or  
29 interest or share exchange is a benefit corporation, the domestic entity shall approve,  
30 by at least the minimum vote required under AS 10.60.700(b) for a status change, the  
31 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

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

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

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

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

## 20 **Article 2. Directors.**

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

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

25 (A) the shareholders of the benefit corporation;

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

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

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

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

3 (E) local and global health;

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

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

10 (2) may consider

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

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

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

20 **Sec. 10.60.110. Coordination with other corporate board requirements.**

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

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

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

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

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

31 **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 judgment.** (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 rationally believes to be appropriate under the circumstances;  
 10 and

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

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

1 benefit director not inconsistent with this subsection.

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

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

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

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

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

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

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

28 **Sec. 10.60.210. Professional corporations.** The benefit director of a benefit  
29 corporation that is a professional corporation under AS 10.45 is not prohibited from  
30 having a material relationship under AS 10.60.220 with the benefit corporation or a  
31 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 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 rationally believes to be appropriate under the circumstances;  
 18 and

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

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

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

5 **Sec. 10.60.310. Limitation on liability of benefit corporation.**

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

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

11 (1) directly by the benefit corporation; or

12 (2) derivatively under AS 10.06.435 by

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

17 (B) a director of the benefit corporation;

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

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

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

27 **Article 6. Reporting.**

28 **Sec. 10.60.500. Benefit report.** As part of the biennial report required by  
29 AS 10.06.805, a benefit corporation shall prepare a biennial benefit report.

30 **Sec. 10.60.510. Contents of report.** The benefit report required by  
31 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 general
- 3 public benefit and the extent to which the benefit corporation created general
- 4 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) A benefit corporation shall  
27 include its benefit report in the biennial report that it files under AS 10.06.805, but the  
28 benefit corporation may omit the compensation paid to directors and financial or  
29 proprietary information included in the benefit report from the benefit report included  
30 in the biennial report. The department shall charge a fee established by the department  
31 for including the benefit report in the biennial report of the benefit corporation.

1 (b) If a benefit corporation is delinquent six months or more in including its  
 2 benefit report in its biennial report under AS 10.60.570 or in paying the fee established  
 3 under this section for including the benefit report in the biennial report, the  
 4 delinquency constitutes a basis for involuntary dissolution of the benefit corporation  
 5 under AS 10.06.633.

6 (c) A benefit corporation may submit its benefit report to the department  
 7 electronically. The department may file in paper form, rather than electronic form, the  
 8 benefit report portion of a biennial report filed with the department.

9 **Article 7. Miscellaneous Provisions.**

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

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

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

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

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

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

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

1           **Sec. 10.60.710. Shareholder dissent.** In addition to the corporate actions to  
 2 which a shareholder may dissent under AS 10.06.574(a), a shareholder of a business  
 3 corporation may dissent under AS 10.06.574 - 10.06.582 if the business corporation  
 4 amends its articles under AS 10.60.010(2) to become a benefit corporation.

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

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

10                   (2) that is developed by a person that is not controlled by the benefit  
 11 corporation;

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

13                           (A) has access to the expertise necessary to assess overall  
 14 corporate performance; and

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

18                   (4) for which the following information about the standard is publicly  
 19 available:

20                           (A) the criteria considered when measuring the overall  
 21 performance of a business;

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

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

26                           (A) the identity of the directors, officers, material owners, and  
 27 governing body of the entity that developed and controls revisions to the  
 28 standard;

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

31                           (C) an accounting of the revenue and sources of financial

1 support for the entity, with sufficient detail to disclose any relationships that  
2 could reasonably be considered to present a potential conflict of interest.

3 **Sec. 10.60.725. Reliance by third parties.** (a) A person who, in good faith,  
4 enters into a transaction with a benefit corporation may assume without inquiry that  
5 the transaction, and each action or inaction by any director or officer of the benefit  
6 corporation giving effect to the transaction, does not conflict with the benefit  
7 corporation's general public benefit purpose or specific public benefit purpose.

8 (b) Nothing in this section exempts a covered financial institution from  
9 identifying and verifying the beneficial owner of a legal entity that is a customer as  
10 required under a federal or state law or regulation. In this subsection, "covered  
11 financial institution" has the meaning given in 31 C.F.R. 1010.605.

12 **Sec. 10.60.730. Tax exemptions.** A benefit corporation may not claim a tax  
13 exemption under AS 43.20 (Alaska Net Income Tax Act) if the tax exemption is not  
14 also available to corporations that are not benefit corporations.

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

## 21 **Article 8. General Provisions.**

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

24 **Sec. 10.60.920. Application to business corporations generally.** The  
25 existence of a provision of this chapter does not, by itself, suggest that a contrary or  
26 different rule of law applies to a business corporation that is not a benefit corporation.  
27 This chapter does not affect a statute or other law that applies to a business corporation  
28 that is not a benefit corporation.

29 **Sec. 10.60.930. Applicable laws.** Except as otherwise provided in this chapter,  
30 AS 10.06 applies to a benefit corporation. A benefit corporation may be  
31 simultaneously subject to this chapter and AS 10.45. The provisions of AS 10.06 and

1 AS 10.45 are subject to this chapter.

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

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

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

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

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

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

13 (5) "business corporation" means a corporation organized under  
14 AS 10.06 or AS 10.45;

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

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

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

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

24 (10) "specific public benefit purpose" means a specific public benefit  
25 purpose that is identified as a public benefit purpose by a benefit corporation under  
26 AS 10.60.040(a) or (b);

27 (11) "status change" means

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

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

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

3 (D) the termination of benefit corporation status under  
4 AS 10.60.060; or

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

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

9 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
10 read:

11 **TRANSITION: REGULATIONS.** The Department of Commerce, Community, and  
12 Economic Development may adopt regulations necessary to implement this Act. The  
13 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before July 1,  
14 2018.

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

16 \* **Sec. 5.** Except as provided in sec. 4 of this Act, this Act takes effect July 1, 2018.