

To: Senator LeBeau
Representative Berger
Members of the Commerce Committee

Date: March 8, 2012

Re: Support for Raised House Bill No. 5466: **AN ACT CONCERNING SOCIAL ENTERPRISE BUSINESSES**

I support this bill as an easy, innovative way to create businesses (and jobs) that aim to solve community problems without being a burden to tax payers. It's a win-win-win proposition, and represents the kind of innovative thinking our state needs to regain and grow its economic base.

Social Enterprise is a business that is organized to use the free market (selling goods and/or services) to make a positive social impact. For a social enterprise profits are a means to an end, but not the end in itself, since a portion of any profit is donated to some charitable cause. So, a social enterprise is a hybrid business type that sits on the spectrum between charitable organizations and the more traditional corporation. Newman's Own, The Walker Group, and the Firebox Restaurant are all set up as social enterprises.

Creating this legislation will simplify the process for companies to adopt this structure and protect it in perpetuity. The only other way to protect it is as a nonprofit which takes the ownership out of the entrepreneur's hands, or to develop a complicated and expensive custom legal structure. This legislation would make it much more business friendly for organizations that want to operate as a social enterprise to set up shop in Connecticut. Without it they will go to one of the other states that has it.

Social Entrepreneurs use their business acumen to address social issues. They don't want to create a nonprofit which they don't own and which relies on a constant influx of charitable donations. They are ok with paying taxes on the revenues they earn. Without social enterprise legislation, social entrepreneurs are forced to become nonprofits which makes them non-taxable or they must set up shop as a traditional business type, which dilutes the social value they bring to the table, and isn't protected.

Kids coming out of schools today want to do something to help fix the problems they see all around them, and they recognize that we cannot depend on the government or nonprofits to carry this burden alone. They see social enterprise as a way to make a contribution while making a living. If they can't do this in Connecticut they will do it elsewhere. Social enterprise legislation will help keep our best and brightest in the state.

In addition, there's a growing group of Impact Investors who want to put their money into social enterprise where there is a commitment to a social as well as a financial return on investment. This money will go elsewhere if we can't provide a legal designation to companies operating in this manner.

Social enterprise is a large and growing movement. It's a recognition that there can and should be ways of organizing business other than the traditional vehicles available today. We can make Connecticut, a state rich in the history of social innovation, recognized as a hub of social enterprise, which will attract capital, and talent, and establish a vehicle for creating businesses that want to help solve our problems.

Thank you for your consideration and please do not hesitate to contact me with questions.

Sincerely,
Kate Emery
Owner, The Walker Group
Founder, reSET(Social Enterprise Trust)

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