



Testimony to the Commerce Committee  
March 15, 2012  
In support of Raised House Bill # 5466:  
**AN ACT CONCERNING SOCIAL ENTERPRISE BUSINESSES**  
By Nora Duncan, Executive Director

The Arc Connecticut is a 60-year old advocacy organization committed to protecting the rights of people with intellectual and developmental disabilities and to promoting opportunities for their full inclusion in the life of their communities.

The Arc Connecticut supports Raised House Bill #5466 and a new model for doing business in our state for two major reasons:

- (1) It will bring new business options to both entrepreneurial non-profits and socially responsible for-profits that can support the mission of traditional non-profit organizations that provide social benefit every day, especially during tough economic times. This is a way for underfunded non-profits that struggle to keep their doors open to increase community support and resources.
- (2) It will create increased opportunities for individuals with intellectual and developmental disabilities to secure meaningful employment with Social Enterprise Businesses that commit to support them. One of the top priorities of self-advocates, The Arc Connecticut and the Department of Developmental Services is employment. The national unemployment rate for individuals with intellectual and developmental disabilities is nearly 85%, creating poverty, seclusion and increasing the reliance on entitlement programs. Organizations such as The Arc Connecticut and its local chapters will be able to consider establishing Social Enterprise Businesses that employ those individuals that they already support, as well as work closely with local Social Enterprise Businesses to make hiring individuals with intellectual and developmental disabilities a priority that results in bottom line productivity and social benefit.

It is not often that a new business model has an organization to lean on for support. reSET: Social Enterprise Trust is committed to promoting, preserving and protecting social enterprise. The Arc Connecticut has been working with reSET for six months and knows this unique organization will help make Social Enterprise Business a success.

As part of our work with reSET, we understand the objections of organizations like the Connecticut Bar Association and look forward to working with the Commerce Committee and the Bar, as well as any other organization supporting the Social Enterprise Business model as a concept, to resolve concerns so that the General Assembly is able to pass a bill in which we can all be confident.

Some of the specific concerns raised by the legal community so far, which I agree with, are:

- A “Dissenter’s Rights” clause should be added so that a shareholder of a business converting to a Social Enterprise Business has the right to receive a cash payment for the fair value of their shares in the event that they do not consent to the conversion.
- Section 4(a) should read “certificate of incorporation”, not “articles of incorporation” to reflect CT law.
- Section 4(a), 4(b) & 4(c) are too broad and ripe for misunderstanding. Terminology like “unreasonable”, “fair”, “certain classes” and “when practicable” should be eliminated. A process that simply sets a multiplier cap on the difference between compensation of the highest level employee as compared to the lowest level employee would be more workable.
- Section 4(d) needs to specify that the distribution to a specific public benefit is to an actual charitable organization so that there is no confusion about taxation.

The Committee’s efforts are very much appreciated. Please do not hesitate to contact me with questions, for clarification or to arrange a visit with an Arc Chapter or Associate supporting employment for individuals with intellectual and developmental disabilities in unique social enterprises such as retail, catering, and hydroponics/agriculture. Thank you for your time and consideration.

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