



Connecticut Innovations

***TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE***

*February 28, 2013*

*Claire Leonardi, CEO*

*Connecticut Innovations*

**Governors Bill 6356**

**AN ACT CONCERNING BENEFIT CORPORATIONS AND ENCOURAGING SOCIAL ENTERPRISE**

Good morning Senator Lebeau, Representative Perone, Senator Frantz, Representative Lavielle and Members of the Commerce Committee. My name is Claire Leonardi and I am the Chief Executive Officer of Connecticut Innovations.

I appreciate the opportunity to testify and offer the following in **SUPPORT of HB 6356 An Act Concerning Benefit Corporations and Encouraging Social Enterprise.**

H.B. 6356 provides Connecticut with the opportunity to support and develop new types of companies - social enterprises. Social enterprises are businesses that generate profits, while at the same time operate with the purpose of strengthening our communities, and finding solutions to difficult social issues.

There are many strong reasons to support growth in Connecticut's social enterprise sector. Chief among them, is that it is an area of great interest for the new generation of young entrepreneurs graduating from our State's universities, who want to build different kinds of businesses -

businesses that solve problems, that don't focus solely on generating profits. Finding ways to keep our recent college graduates here in our state, and creating new and innovative businesses is something that is vital to the sustainability of Connecticut's economy, and our reputation as a state where people want to do business. By placing a strong focus on growing social enterprise in Connecticut, the state can set itself apart as *the* place in the U.S. to start these kinds of companies.

In addition to attracting and keeping innovative young entrepreneurs in Connecticut, enabling growth in this sector will also help us to address unmet social needs in our state through the use of private sector resources and capital, rather than relying solely on government support.

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A strong social enterprise sector within our state will help us build sustainable, market-driven solutions to some of our most troubling social issues, while at the same time easing the increasing burden on our state government to provide more and more funding and support for social services throughout Connecticut.

This bill, which brings a new type of business designation - the benefit corporation - to Connecticut, will empower current and future social entrepreneurs in Connecticut, and allow them to build and grow their businesses in an environment that is truly supportive of their innovative new way of doing business. The benefit corporation clears the legal hurdles social entrepreneurs face when they incorporate under existing business entities, while at the same time ensuring that they follow through in creating the social impact they profess to create.

Benefit corporation legislation has already been passed in twelve states, including our neighbors Massachusetts and New York. H.B. 6356, however, has an additional element that sets it apart from the other benefit corporation statutes that have been passed in the U.S. Under Connecticut's version of the bill, social entrepreneurs will have the power to enact an optional provision in their articles of incorporation which provides them with the opportunity to preserve their company's status as a benefit corporation in perpetuity, even in the event of changes in company leadership and ownership. This legacy preservation provision sets H.B. 6356 apart as the most comprehensive benefit corporation legislation ever introduced in the U.S., and will help Connecticut become the premiere state to start up and operate a social enterprise.

I strongly urge this Committee to support H.B. 6356, and help make Connecticut a leader in the social enterprise sector.