

CONNECTICUT  
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*...to serve, strengthen  
and support Connecticut's  
nonprofit community.*

Testimony before the Commerce Committee

**In support of HB 6356, An Act Concerning Benefit Corporations and Encouraging Social Enterprises.**

Jeff Shaw, Director of Public Policy, Connecticut Association of Nonprofits

February 28, 2013

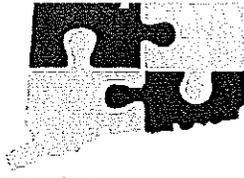
Senator LeBeau, Representative Perone, and distinguished members of the Commerce Committee, my name is Jeff Shaw, Director of Public Policy, for the Connecticut Association of Nonprofits, and I would like to share my support for H.B. 6356, An Act Concerning Benefit Corporations and Encouraging Social Enterprises. Social enterprise defines any organization that uses the sale of products and services to solve community problems (reduce homelessness, expand health care access, provide workforce development training, etc.).

As you are all aware, many nonprofit organizations have faced, and continue to face, enormous fiscal challenges, having already severely reduced programs and services in response to the rescissions (Nov. 2012) and budget modification (Dec 2012) plan. These cuts forced some of these community providers to close their doors, and others are concerned they might follow suit. With the anticipated shortfall in the next biennium, federal sequestration at our doorstep, and another debt ceiling debate looming, the nonprofit community is looking for both new revenue sources as well as new partnerships with the communities they serve, to maintain or expand quality services and programs. Social enterprise is a tool that can help nonprofits achieve both of these objectives.

I support this legislation because it will not only help individual social entrepreneurs, but it will also help spark a new wave of innovation within our state's economy. The addition of legally recognized Benefit Corporations in Connecticut will drive economic growth by bringing new jobs to Connecticut and making our state an attractive home for forward-thinking companies. It will also help attract social entrepreneurs who are looking for a robust and comprehensive legal framework for supporting social innovation through business.

H.B. 6356 will help social entrepreneurs by reducing the amount of time and resources needed to launch new community-minded business ventures. It will allow them to address community problems without relying on public funds or philanthropy, and raise the amount of awareness and attention paid to some of our state's most complex community-based challenges. The legislation will also help to formalize and galvanize the community of business owners committed to making our communities safer and healthier places to live for all of our citizens.

H.B. 6356 provides social entrepreneurs with a simple, standardized way to formalize their commitment to creating public good. It also provides the general public with a clear mechanism for identifying and verifying a company's commitment to its stated social mission, as well as the true impact of those efforts. The legislation will provide a level of mission protection and transparency that is unprecedented among other states that have already passed benefit corporation legislation.



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The legislation's legacy preservation provision allows a company to protect its commitment to the community regardless of acquisition, sale, or other changes in leadership. It is designed to protect a company's assets and its mission, and ensure that it will continue to create a social impact.

By passing H.B. 6356, Connecticut will significantly reduce the barriers to entry social entrepreneurs face in the marketplace, and provide our state's business leaders with a legal entity that allows them to dedicate their companies to the creation of positive impact on their communities. I strongly urge this committee and the legislature as a whole to support H.B. 6356. In doing so, you will encourage social entrepreneurs to help make Connecticut a place where business supports thriving communities and jobs provide our citizens with a means of making a living as well as an opportunity to develop a meaningful connection to the place they call home.

Thank you for your time and consideration.

Sincerely,

Jeff Shaw

Director of Public Policy