



**Dannel P. Malloy**

GOVERNOR  
STATE OF CONNECTICUT

**Testimony to the Commerce Committee**

**February 28, 2013**

**Governor Dannel P. Malloy**

**Testimon Regarding Governor's Bill HB 6356**

**An Act Concerning Benefit Corporations and Encouraging Social Enterprise**

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Senator LeBeau, Representative Perone and distinguished members of the Commerce Committee, I submit testimony in full support of the Governor's Bill 6356, An Act Concerning Benefit Corporations and Encouraging Social Enterprise. Passage of this legislation will help to further Connecticut's efforts to be a hub for entrepreneurial activity. Much potential exists for business to resolve social and environmental problems, and this legislation provides an alternative to the traditional corporate structure. Integrating purpose and profit through the establishment of benefit corporations will attract new investments, create jobs, help innovations to flourish, and provide social benefits to the people of Connecticut.

Together, we must increase the state's economic competitiveness, and create the conditions for business to flourish in Connecticut. By passing this legislation, Connecticut will join twelve states, including our fellow New England states of Vermont and Massachusetts, in creating a structure for businesses intent on generating profits with a purpose. In these states, entrepreneurs and business leaders with shared purpose have collaborated to foster innovation and jobs. In Connecticut, benefit corporation legislation will have a similar effect.

HB 6356 will provide a streamlined way to legally incorporate as a benefit corporation and, thus enable social entrepreneurs to embed their socially minded mission in their corporate structure. It includes protections for social entrepreneurs such as protection of a company's social mission, and establishes standards for operational accountability and transparency.

In addition, this legislation includes the unique feature of a "legacy provision" that distinguishes Connecticut from the twelve other B Corp states, and positions Connecticut to be a leader in social enterprise. The "Legacy Provision", if exercised, enables benefit corporations to choose to be a social enterprise in perpetuity, and protects the original social mission and values of the business despite changes in ownership or management.

This legislation will break new ground in Connecticut, and I want to make sure that the final legislation is workable and easy to use, thus my staff is working with all stakeholders, and in particular the Connecticut Bar Association and the Office of the Attorney General, to clarify drafting concerns.

There is no doubt that the State of Connecticut will benefit from the passage of HB 6356. I urge you to pass this legislation and help create a legacy of social enterprise and innovation for future Connecticut residents.