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Testimony of Bruce Carlson, *Acting President & CEO*

IN SUPPORT OF S.B. 23 AN ACT CONCERNING BENEFIT CORPORATIONS AND ENCOURAGING SOCIAL ENTERPRISE

Before the Joint Committee on Commerce

February 27, 2014

Chairmen and members of the committee,

My name is Bruce Carlson, and I serve as acting President & CEO of the Connecticut Technology Council. We're a statewide organization representing hundreds of technology-oriented companies and institutions. CTC supports *S.B. 23, Act Concerning Benefit Corporations and Encouraging Social Enterprises*. We endorse this legislation because it will not only help grow and support individual social entrepreneurs, as well as the whole state economy, but also can bring new growth into the technology sector. The legal establishment of Benefit Corporations in Connecticut will help drive business innovation and forward thinking, 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 mechanism that supports social innovation through business. This legislation will provide a level of mission protection and transparency that is unprecedented among states that have passed benefit corporation legislation.

The legislation will allow social entrepreneurs to address community problems without relying on public funds or philanthropy, and raise the amount of awareness and attention that community-based challenges receive. The legislation will also help to formalize and galvanize the community of business owners committed to public good. The benefit corporation legislation will provide social entrepreneurs with a simple, standardized way to formalize their commitment to creating public good, along 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'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 mission, and ensure that it will continue to create a social impact. The provision is also completely voluntary, and protects dissenting minority shareholders by requiring a unanimous vote for adoption. However, if all shareholders and members of a benefit corporation's board of directors agree to enact the legacy preservation provision, they should have the freedom to do so.

As a new generation of entrepreneurs and tech workers graduate from our many state colleges and universities, many are looking for ways to get involved in the technology industry, while simultaneously looking for a way to make a positive impact in their communities. SB 23 establishes a path for socially conscious entrepreneurs in the technology sphere to remain in Connecticut, grow their ideas in Connecticut, and create new jobs and innovation in Connecticut.

By passing S.B. 23, Connecticut will provide its future small business leaders with a hybrid corporate entity that allows them to have tremendous positive impact in their communities. CTC strongly urges this committee and the legislature as a whole to move forward on S.B. 23. Empower social entrepreneurs, and let the residents of this state, and this country know that Connecticut is open for business. Let them know Connecticut supports fostering the strong communities and the job creation that benefit corporations and social enterprise can provide. Thank you for your time and consideration.

Sincerely,

Bruce Carlson

Bruce Carlson
Acting President & CEO
Connecticut Technology Council