

Judiciary Committee JOINT FAVORABLE REPORT

Bill No.: HB-5251

Title: AN ACT ESTABLISHING BENEFIT LIMITED LIABILITY COMPANIES.

Vote Date: 3/28/2018

Vote Action: Joint Favorable

PH Date: 3/9/2018

File No.: 494

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SPONSORS OF BILL:

CT Bar Association

REASONS FOR BILL:

Since October 1, 2014 the state has allowed for the creation of Benefit Corporations, which is an entity that elects to have a general or specific public benefit instead of solely having an obligation to maximize shareholder value. This bill will expand that concept to LLCs, which offer greater financial, management and tax flexibility than corporations.

RESPONSE FROM ADMINISTRATION/AGENCY:

None

NATURE AND SOURCES OF SUPPORT:

CT Bar Association, Marcel J. Bernier, Co-Chair of the Benefit LLC Committee believes that the bill will open up the benefit entity concept to perhaps thousands of more businesses. He is not aware of any opposition nor does he believe there will be significant cost.

The Alliance, Jeff Shaw, Director of Public Policy & Advocacy testified that nonprofits continue to face enormous fiscal challenges and the nonprofit community is seeking new revenue sources as well as partnerships with the communities they serve. He believes that the benefit corporation business model can help the nonprofit community achieve those objectives.

NATURE AND SOURCES OF OPPOSITION:

None

Reported by: Adam Skowera

Date: April 16, 2018