Finance, Revenue and Bonding Committee
JOINT FAVORABLE REPORT

Bill No.: HB-5600
Title: AN ACT CONCERNING A STUDY OF THE TAX IMPLICATIONS OF ALLOWING BENEFIT LIMITED LIABILITY COMPANIES UNDER STATE LAW.
Vote Date: 4/30/2019
Vote Action: Joint Favorable
PH Date: 3/4/2019

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SPONSORS OF BILL:
Finance, Revenue, and Bonding Committee

REASONS FOR BILL:
To require the Commissioner of the Department of Revenue Services to study the tax implications of allowing certain businesses to operate as a benefit limited liability company and report the findings to the Finance, Revenue, and Bonding Committee.

RESPONSE FROM ADMINISTRATION/AGENCY:
None Expressed.

NATURE AND SOURCES OF SUPPORT:

Representative Christopher Davis, 57th District was a co-sponsor on the bill and wrote testimony in support of the legislation, stating that benefit companies should be able to choose their business model to best suit their goals. He includes that if the state does not limit the businesses options for traditional for-profit companies, why would benefit companies be limited. Rep. Davis lists this model as a potential lure for businesses to the state.

Cynthia Bigelow, President and CEO, Bigelow Tea wrote testimony in support of the bill, stating that despite Bigelow Tea being classified as a benefit corporation it is important for businesses, especially small businesses, to be able to choose not to be considered a benefit corporation and instead a benefit limited liability company, which can give them many positive results. Bigelow states that Connecticut does not offer this option, but states like Delaware, Oregon, and Maryland offer both of these options.
Eric Thompson, Principal, Blue Back, LLC wrote testimony in support of the bill, stating his business as one that wants to earn a profit while positively contributing to society, and this bill would give advantages to Blue Back in helping improve other companies, communities, and environments. Thompson also states that benefit LLC legislation is far behind the 39 states with benefit corporation legislation, as only 5 have benefit LLC legislation.

NATURE AND SOURCES OF OPPOSITION:

None Expressed.

Reported by:  Logan Cotter                                      Date: 5/6/2019