



HOUSE OF REPRESENTATIVES

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Testimony of Rep. Victoria Morales presenting

LD 846, Resolve, Directing the Department of the Secretary of State's and the Department of Economic and Community Development to Develop and Enhance Educational and Instructional Content Related to Benefit Corporations

Before the Joint Standing Committee on Taxation

Senator Chipman, Representative Terry, and members of the Joint Standing Committee on Taxation, my name is Victoria Morales. I represent South Portland in House District 33 and it is my honor to present to you **L.D. 846: Resolve, Directing the Department of the Secretary of State's and the Department of Economic and Community Development to Develop and Enhance Educational and Instructional Content Related to Benefit Corporations.**

You know those kinds of bills that present policies that will make a positive impact on our community, need very little to implement, and have tremendous community support and expertise? That's the kind of bill I am here to present today, and then I hope you enjoy and are able to dialogue with the amazing Maine businesses who will testify after me about their work and the importance of this bill for Maine.

In a nutshell, this bill creates public awareness and education about the existing Maine Benefit Corporation Corporate structure on the websites of the Secretary of State and the Department of Economic and Community Development. Why is this important?

Maine has set some very important goals to reach in the upcoming years related to our climate and our economy as laid out in the Climate Council¹ and Economic Recovery Committee²

¹ Maine Climate Council Report, https://climatecouncil.maine.gov/future/sites/maine.gov.future/files/inline-files/MaineWontWait_EXSum.pdf

² Maine Economic Recovery Committee Report, https://www.maine.gov/decd/sites/maine.gov.decd/files/inline-files/DECD_120919_sm.pdf

reports. We know that to achieve these goals we need all sectors working together - State government, local governments, nonprofits, and the private sector.

Benefit Corporations are natural partners in this work because they have built into their corporate DNA a duty to their community, employees, and environment, and they hold themselves accountable to that high standard.

I am very excited for you all to hear from these incredible innovators about how they have been able to move beyond a traditional profit-driven business structure to a Benefit Corporation, and the many ways in which that decision has added value to their work and to our Maine community.

Thank you for the opportunity to present this important policy to you today.

L.D. 846: Resolve, Directing the Department of the Secretary of State's and the Department of Economic and Community Development to develop and enhance educational and instructional content related to Benefit Corporations.

On June 17th, 2019, the State of Maine enacted Benefit Corporation legislation. This bill created a statutory framework allowing corporations to elect to become a benefit corporation by explicitly stating in its articles of incorporation that it has a purpose of creating general public benefit.

A general public benefit means a material positive impact on society and the environment, including but not limited to providing a benefit to underserved/underrepresented populations, promoting economic opportunities, protecting the environment, and improving the health and resiliency of communities.

Since the establishment of benefit corporation law in Maine, a limited number of organizations have incorporated as such. Barriers include a general lack of awareness and education of the corporation type, in addition to an absence of instructional and 'how to' procedural information for businesses to reference.

The purpose of this resolve is to create public awareness of the benefit corporation framework, its meaning and intention, as well as to provide transparent, easy to access, and easy to use directions supporting businesses pursuing or changing their corporation type to a Benefit Corporation.

- **Department of the Secretary of State:**
 - Creation of a 'Benefit Corporation webpage' on the SOS website clearly articulating:
 - What is a Benefit Corporation
 - The intention of Benefit Corporations
 - A Step-by-Step Guide - How to become a Benefit Corporation for new business entities and existing entities
 - A list of Frequently Asked Questions (FAQs) – including how LLCs can become a Benefit LLC
 - A list of existing Benefit Corporations
 - A link to <https://benefitcorp.net/> - owned by B Lab, a non-profit organization dedicated to using the power of business as a force for good
 - Navigation to the new 'Benefit Corporation webpage' from the 'Corporations' navigation bar and searchable through the 'Search SOS' function

- Invest in education for State Legislators
- **Department of Economic and Community Development:**
 - Inclusion in the 'Maine Resource Compass' database:
 - 'Select Interest' – Addition of 'Benefit Corporation' with resources to:
 - Newly created SOS Benefit Corporation webpage
 - B Lab's Benefit Corporation website - <https://benefitcorp.net>
 - Navigation to the new 'Benefit Corporation' resource searchable through the 'Search DECD' function
 - Invest in education for DECD 'Partners and Collaborators'

Support of this amendment will advantage the State of Maine by aligning private sector interests with those of the state, ultimately magnifying the positive impact on the people, communities, and the environment we live in.