



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2017 Wisconsin Act 77
[2017 Senate Bill 298]

Benefit Corporations

2017 Wisconsin Act 77 permits the creation of a category of business corporation called a benefit corporation. Under the Act, a benefit corporation would generally be subject to the laws applicable to other corporations under ch. 180, Stats. However, a benefit corporation would also have a purpose of creating general public benefit, as described in its articles of incorporation. With regard to implementing such general public benefit, as well as other specific public benefits, the board of the benefit corporation must include a benefit director and must provide its shareholders with an annual benefit statement, within 30 days of the end of the corporation's fiscal year, as to the corporation's promotion of general public benefit and, if applicable, any specific public benefit identified in its articles of incorporation.

Under the Act, an existing business corporation may become a benefit corporation by amending its articles of incorporation to contain a statement that the corporation is a benefit corporation. In addition, if a business corporation that is not a benefit corporation is a party to a merger, consolidation, or division or is the exchanging corporation in a share exchange, the surviving, new, or any resulting corporation may qualify as a benefit corporation if its articles of incorporation contain a statement that the corporation is a benefit corporation.

The Act specifies that these actions require approval by the affirmative vote of the holders of at least two-thirds of the shares entitled to vote on the matter. Additionally, a shareholder may dissent the decision of a corporation to become a benefit corporation, may obtain payment of the fair value of his or her shares, and may assert dissenter's rights provided under current law.

Additionally, under the Act, a benefit corporation may terminate its status as a benefit corporation. However, if a benefit corporation elects to terminate its status as a benefit corporation, the status may not be revived for a period of one year from the most recent date of termination.

Effective date: 2017 Wisconsin Act 77 takes effect on March 8, 2018.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.wisconsin.gov>.