



State of Wisconsin
Department of Financial Institutions

Scott Walker, **Governor**

Ray Allen, **Secretary**

January 27, 2016
Assembly Committee on Financial Institutions
Assembly Bill 59

Testimony of:
Alex Ignatowski, Assistant Deputy Secretary
Department of Financial Institutions

Chairman Craig, committee members, thank you for allowing me to testify for information only today on behalf of the Department of Financial Institutions.

Assembly Bill 59 would establish a new corporate filing for Wisconsin, known commonly as a "benefit corporation". A benefit corporation has the purpose, aside from what is spelled out in Wis. Stat. Ch. 180.0301, of creating a general public benefit. This could be providing assistance to low-income/underserved populations, providing economic opportunity, preserving the environment, improving health, promoting the arts or sciences, increasing the flow of capital to public service entities, or any other services that could be considered a benefit to society. This differs from what is commonly thought of as a corporation in that its main goal is not providing a profit for shareholders, but to provide a public service as well as turn a profit.

Although the Department is not taking a position on this bill, I will say that DFI continually looks for ways to improve the corporate statutes and help move Wisconsin's economy forward. With that reason in mind the Department will be doing a review of its corporate statutes over the interim period before the start of the next session. With an extensive review, we hope to present a comprehensive package of changes that will achieve the goals that many of us here have for the future; an economy that continues to grow and a job for anyone who wants to work.

Thank you for your time today, I will take any questions you may have.



TESTIMONY OF REP. DIANNE HESSELBEIN, DISTRICT 79

AB 59, CREATING THE BENEFIT CORPORATION CATEGORY OF BUSINESS

ASSEMBLY COMMITTEE ON FINANCIAL INSTITUTIONS

January 27, 2016, Room 412 East

Chairman Craig and members of the committee, thank you for the opportunity to testify.

AB 59 aims to bring Wisconsin into the company of a growing number of states – 31 at present, including Michigan, Minnesota, and Illinois – have found it a good idea to create a new category of business incorporation called the Benefit Corporation.

As millennials and others – liberal and conservative -- grow attracted to socially-conscious investing and working in a value-driven workplace, the Benefit Corporation model offers an additional path. Companies with names you would recognize that use this model include Patagonia and King Arthur Foods.

The Benefit Corporation is a for-profit corporation with one important difference. The difference is that it has as its stated purpose the creation of a “general public benefit.” This sets it apart from corporations that believe they must pursue maximum profit at all costs or face possible shareholder lawsuits. The Benefit Corporation is freed from these worries.

This is because the Benefit Corporation defines the “best interest” of the corporation to include not just the welfare of the **shareholders** but of all the **stakeholders**, including employees, the communities served, and the environment.

If we adopt this bill, no new tax benefits are created, and there is no impact on current tax law. Passing benefit corporation legislation simply facilitates a new market in which current shareholders, consumers and potential investors can make decisions based on companies’ overall mission and performance. It expands the definition of “return on investment.”

There are many reasons Wisconsin should adopt and pass Benefit Corporation Legislation. It would mean more freedom for businesses. Benefit corporations are completely voluntary and shareholders enjoy all the same protections and permissions found in traditional corporate law. There is no cost to the State. And, there is an opportunity for leadership. The company Kickstarter PBC saw a 33 percent spike in visits to its Internet jobs board after it announced that it was becoming a Benefit Corporation.

Wisconsin advertises that it is open for business, and our state has been a pioneer in the past at developing new paths to prosperity such as the consumer cooperative, of which we are a world leader. Let's take this opportunity to broaden our portfolio and show the world that we are willing to try a new way of being open for business.

Thank you.

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