



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2017 Senate Bill 298

**Senate
Amendments 1 and 2**

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2017 Senate Bill 298 would permit the creation of a category of business corporation called a benefit corporation. Under the bill, 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 as to the corporation's promotion of general public benefit and, if applicable, any specific public benefit identified in its articles of incorporation.

SENATE AMENDMENT 1

Under the bill, a benefit corporation may terminate its status as a benefit corporation. Senate Amendment 1 specifies that 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.

With regard to the annual benefit statement required under the bill, the amendment specifies that the statement must be provided to shareholders within 30 days of the end of the benefit corporation's fiscal year.

SENATE AMENDMENT 2

Under **the bill**, 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 a benefit corporation if its articles of incorporation contain a statement that the corporation is a benefit corporation.

Senate Amendment 2 provides that the amendment of a corporation's articles of incorporation or its entry into a transaction to become a benefit corporation in the manner described above, requires approval by the affirmative vote of the holders of at least two-thirds of the shares entitled to vote on the matter. Senate Amendment 2 also provides that a shareholder may dissent from 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.

BILL HISTORY

Senator Testin and others introduced 2017 Senate Bill 298 on June 15, 2017. On October 2, 2017, Senator Testin offered Senate Amendment 1. On October 5, 2017, the Senate Committee on Economic Development, Commerce and Local Government recommended adoption of Senate Amendment 1 and passage of Senate Bill 298, as amended, on consecutive votes of Ayes, 7; Noes, 0.

Senator Testin offered Senate Amendment 2 on November 1, 2017. On November 7, 2017, the Senate adopted Senate Amendments 1 and 2, and passed Senate Bill 298.

SG:jal