

HOUSE RESEARCH

Bill Summary

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Overview

This bill would authorize a new type of corporation under state law, called a "public benefit corporation" or "PBC," which would be a private-sector, for-profit entity that may seek to benefit the public or the interests of the corporation's stakeholders at the sacrifice of maximizing profit.

- 1 **Citation.** Creates a new chapter of law for this bill. Names this chapter the "Minnesota Public Benefit Corporation Act."
- 2 **Definitions.** Defines the terms "best interests of the corporation," "public benefit," and "stakeholder." The term "stakeholder" is much broader than, but includes, the corporation's shareholders. Requires that public benefit be pursued only through profit-seeking activities. These three definitions are the key to understanding this bill.
- 3 **Relationship to other law.** Says that the laws governing for-profit corporations apply to a public benefit corporation, except as otherwise provided in this bill or where the regular for-profit laws conflict with this chapter.
- 4 **Incorporation.** (a) Permits a for-profit corporation to be incorporated under this new chapter of law to pursue public benefit as stated in its articles of incorporation, in addition to profits. (b) Requires the MN Secretary of State to treat the corporation's records in a way that distinguishes the public benefit corporation from other types of corporations, such as regular for-profit corporations and non-profit corporations. (c) Requires a public benefit corporation's name to include the phrase "public benefit corporation" or "PBC."
- 5 **Standard of conduct; best interests of corporation.** Specifies that the standard for a director or officer of a PBC is to attempt to achieve the best interests of the corporation, as defined in section 2. Specifies that the regular for-profit corporate statutes that specify the duties of corporate directors and officers apply to PBC directors and officers, subject to the different goals of a PBC as compared to a regular for-profit corporation. Provides that nothing in this chapter gives anyone the right to sue, except the corporation or a shareholder. (That limit on the right to sue excludes stakeholders who are not shareholders.)

- 6** **Stakeholder engagement.** Requires the board of directors of a PBC to provide stakeholders with opportunities to influence the corporation, its officers, and its board. Requires a PBC to provide an annual report to the public on its financial condition and its efforts to achieve public benefit and engagement with the material interests of its stakeholders.