

CONFERENCE COMMITTEE REP. NO.

20

Honolulu, Hawaii

APR 28 2011

, 2011

RE: S.B. No. 298
S.D. 3
H.D. 3
C.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 298, S.D. 3, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO BUSINESS REGULATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to establish a regulatory framework for sustainable benefit corporations, a form of private business corporation that offers entrepreneurs and investors the option to build and invest in enterprises that operate in a socially and environmentally responsible manner.

Under general principles of corporate organization, the directors of a corporation have a singular and enforceable duty to maximize shareholder profits. Your Committee on Conference finds that this duty may prevent entrepreneurs and investors from achieving their own goals of establishing and investing in private enterprises that serve social or environmental purposes in addition

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to pursuing profits. Several other states have responded to market demand for opportunities to pursue good corporate citizenship by authorizing the formation of corporate entities that may be governed according to principles other than pure profit motive. Authorizing the formation of sustainable benefit corporations in this State will help to diversify Hawaii's economy by attracting entrepreneurship and investment in innovative businesses and emerging industries.

The corporate structure authorized by this measure is a voluntary designation that preserves the private nature of corporations that choose it and relies on the governing structure of the corporation itself for enforcement. Further, the registration and regulatory requirements contained in this measure are designed to avoid disruption to the registry of the Business Registration Division of the Department of Commerce and Consumer Affairs and undue burden on the State's regulators.

Your Committee on Conference has amended this measure by:

- (1) Inserting an effective date of upon approval; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

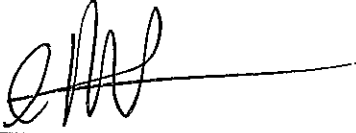
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 298, S.D. 3, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 298, S.D. 3, H.D. 3, C.D. 1.



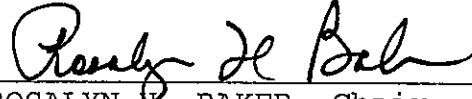
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

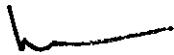
ON THE PART OF THE SENATE



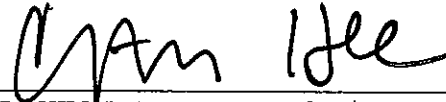
ANGUS L.K. MCKELVEY, Co-Chair



ROSALYN H. BAKER, Chair



ROBERT N. HERKES, Co-Chair



CLAYTON HEE, Co-Chair



MARCUS R. OSHIRO, Co-Chair



