A BILL FOR AN ACT

RELATING TO SUSTAINABLE BUSINESS CORPORATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that sustainable business corporations are for-profit corporations that choose to and are legally obligated to operate under a corporate governance structure that considers whether business decisions and actions accomplish a material positive impact on society and the environment. Because of this choice to adhere to a governance structure that creates a legally enforceable duty to operate in an environmentally and socially responsible manner, sustainable business corporations frequently require less direct intervention from state agencies and regulators than do traditional corporate entities that operate according to the sole duty of maximizing shareholder profit.

The legislature further finds that it is in the public interest to raise awareness about this important type of business structure and to preserve consumer confidence in these entities. Currently, sustainable business corporations aren't searchable in the State's business registration platform.
Additionally, there is currently no mechanism by which the State may terminate an entity's designation as a sustainable business corporation for non-compliance with the requirements of state statute or with corporate governance principles.

The purpose of this Act is to increase the visibility and accountability of sustainable business corporations by:

1. Requiring that sustainable business corporations file their annual benefit reports with the department of commerce and consumer affairs;
2. Authorizing the department to terminate a designation as a sustainable business corporation for noncompliance with statutory requirements; and
3. Requiring the department to make sustainable business corporation status a searchable element within its public platform and to post a list of sustainable business corporations registered to do business in the State.

SECTION 2. Chapter 420D, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:
"§420D— Report to be filed with the department. A sustainable business corporation shall file with the department:

(1) Its annual benefit report;

(2) A statement certifying that:
   (A) The annual benefit report is posted on the sustainable business corporation's public website; or
   (B) The sustainable business corporation does not have a public website; and

(3) A statement certifying that the sustainable business corporation made a draft of the annual benefit report available for comments and integrated feedback, in its discretion, into the final draft of the annual benefit report.

§420D— Termination of sustainable business corporation status by the department. (a) The department may terminate the status of a sustainable business corporation if the sustainable business corporation fails to comply with any provision of this chapter in accordance with the notice, hearing, and procedural requirements of chapter 91.
(b) The department shall issue a notice of intent to terminate the status of a sustainable business corporation prior to initiating procedures to terminate a status. The notice of intent shall afford the sustainable business corporation sixty days to remedy the noncompliance before any adverse action is taken pursuant to this section and chapter 91."

SECTION 3. Section 420D-2, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

"Department" means the department of commerce and consumer affairs."

SECTION 4. The business registration division of the department of commerce and consumer affairs shall modify its online business registration platform such that registered entities are searchable and identifiable according to sustainable business corporation status. Further, the division shall maintain a list of all sustainable business corporations registered to do business in the State and shall indicate whether listed sustainable business corporations have achieved a B Corp Certification as issued by the nonprofit B Lab or similar third-party standard that complies with section 420D-12, Hawaii
Revised Statutes. The division shall post on a separate webpage from its searchable business registration platform:

(1) The list;

(2) Information explaining the governance structure of sustainable business corporations and how it differs from that of other types of corporations; and

(3) The requirements and procedures for registering as a sustainable business corporation and remaining in compliance with statutory and governance requirements.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval.

INTRODUCED BY:

[Signatures]

JAN 24 2019
Report Title:
Sustainable Business Corporations; DCCA

Description:
Requires sustainable business corporations to file annual benefit reports with DCCA. Authorizes DCCA to terminate sustainable business corporation status for noncompliance. Requires the Business Registration Division to post searchable information on sustainable business corporations on its website.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.