



OHIO LEGISLATIVE SERVICE COMMISSION

Terry Steele

Fiscal Note & Local Impact Statement

Bill: S.B. 205 of the 132nd G.A.

Status: As Reported by Senate Judiciary

Sponsor: Sen. Dolan

Local Impact Statement Procedure Required: No

Subject: Allows for the creation of benefit corporations

State Fiscal Highlights

- The bill most likely will have no effect on the number of new businesses filing articles of incorporation with the Secretary of State. As with other entities filing for incorporation, benefit corporations established under the bill would pay a \$99 filing fee to be deposited into the Business Services Fund (Fund 5990).
- There are potentially some businesses operating under existing corporate structures that might opt to incorporate instead as benefit corporations. If so, they would pay a \$50 fee to amend their existing articles of incorporation. This fee would also be deposited into Fund 5990.

Detailed Fiscal Analysis

The bill allows for the creation of benefit corporations, whose purposes include having a bona fide positive effect or to reduce one or more negative effects on persons, entities, communities, or interests. Common examples of these corporate purposes include pursuing environmental goals and social outcomes. Overall, the bill does not have any apparent fiscal impact with respect to new business filings. New businesses created under the benefit corporation model would submit the same business filings to the Secretary of State as are currently required, with additional information related to their beneficial purposes provided in the articles of incorporation. The fee for filing articles of incorporation is \$99. The fee revenue is deposited into the Business Services Fund (Fund 5990).

As a result of the bill, it is possible that some corporations currently incorporated in Ohio under existing corporate structures may wish to convert to benefit corporations. If so, they would submit an amendment of articles of incorporation to the Secretary of State along with a \$50 filing fee, also deposited into Fund 5990. However, it would be difficult to predict how many businesses would convert from existing corporate forms to benefit corporations allowed under the bill.

Pennsylvania enacted legislation allowing for the creation of benefit corporations beginning in 2013. There are currently 60 businesses that are listed as benefit corporations in that state.¹ The benefit corporation is a relatively new form of corporate structure, having first been statutorily created in 2010 in Maryland. As of this writing, 34 states have adopted legislation allowing for the formation of benefit corporations. The additional provisions in the bill related to other requirements related to benefit corporations can be found in the LSC Bill Analysis.

¹ Information accessed on November 8, 2018 at <http://benefitcorp.net/businesses/find-a-benefit-corp>.