

CS FOR HOUSE BILL NO. 346(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/13/14

Referred: Rules

Sponsor(s): REPRESENTATIVES SEATON, Kreiss-Tomkins

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to corporations, including benefit corporations; and providing for an
2 effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 10 is amended by adding a new chapter to read:

5 **Chapter 60. Benefit Corporations.**

6 **Article 1. Establishment and Termination.**

7 **Sec. 10.60.010. Establishment of benefit corporation.** A corporation that is
8 organized under AS 10.06 may become a benefit corporation by

9 (1) including, at the time of the corporation's organization under
10 AS 10.06, in the corporation's articles of incorporation a statement that the corporation
11 is a benefit corporation under this chapter; or

12 (2) amending its articles of incorporation to contain a statement that
13 the corporation is a benefit corporation under this chapter; the amendment shall be
14 adopted by at least the minimum vote required under AS 10.60.700 for a status

1 change.

2 **Sec. 10.60.020. Approval where organic change.** If an entity that was formed
3 under the laws of this state is not a benefit corporation but is a party to a merger,
4 consolidation, conversion, or interest or share exchange under AS 10.06 or AS 10.55,
5 and the surviving, new, or resulting entity in the merger, consolidation, conversion, or
6 interest or share exchange is a benefit corporation, the domestic entity shall approve,
7 by at least the minimum vote required under AS 10.60.700 for a status change, the
8 plan of merger, consolidation, conversion, or interest or share exchange.

9 **Sec. 10.60.030. General public benefit purpose.** (a) A benefit corporation
10 shall have a purpose of creating general public benefit from the business and
11 operations of the benefit corporation. That purpose is in addition to the benefit
12 corporation's purpose under AS 10.06.005.

13 (b) The achievement of the general public benefit purpose under (a) of this
14 section is determined after all of the effects of the business and operations of the
15 benefit corporation are considered.

16 (c) The creation of general public benefit under (a) of this section is in the best
17 interests of the benefit corporation.

18 **Sec. 10.60.040. Specific public benefit purpose.** (a) In addition to its general
19 public benefit purpose, a benefit corporation may identify in its articles of
20 incorporation one or more specific public benefit purposes.

21 (b) A benefit corporation may amend its articles of incorporation to add,
22 amend, or delete a specific public benefit purpose. The benefit corporation shall adopt
23 the amendment by at least the minimum vote required under AS 10.60.700 for a status
24 change.

25 (c) The identification of a specific public benefit purpose under (a) of this
26 section does not limit the benefit corporation's general public benefit purpose.

27 (d) A benefit corporation may further a specific public benefit by

28 (1) providing low-income or underserved individuals, families, or
29 communities with beneficial products, services, or educational opportunities;

30 (2) promoting economic opportunity for individuals or communities
31 beyond the creation of jobs in the normal course of business;

- 1 (3) improving human health;
 2 (4) promoting the arts, sciences, or advancement of knowledge;
 3 (5) increasing the flow of capital to entities with a purpose to benefit
 4 the public; or
 5 (6) conferring another type of benefit on people or their surroundings.

6 (e) Pursuing a specific public benefit identified under this section is in the best
 7 interests of the benefit corporation.

8 **Sec. 10.60.050. Professional corporations.** A professional corporation under
 9 AS 10.45 that is a benefit corporation does not violate AS 10.45 by having a general
 10 public benefit purpose or a specific public benefit purpose.

11 **Sec. 10.60.060. Termination of benefit corporation status.** (a) A benefit
 12 corporation may terminate its status as a benefit corporation and cease to be subject to
 13 this chapter by amending its articles of incorporation to delete the statement required
 14 by AS 10.60.010 to be in the articles of incorporation. The benefit corporation shall
 15 adopt the amendment by at least the minimum vote required under AS 10.60.700 for a
 16 status change.

17 (b) If a benefit corporation is a party to merger, consolidation, conversion, or
 18 interest or share exchange that would have the effect of terminating the status of a
 19 benefit corporation, the benefit corporation shall approve, by at least the minimum
 20 vote required under AS 10.60.700 for a status change, the plan of merger,
 21 consolidation, conversion, or interest or share exchange.

22 **Sec. 10.60.070. Disposition of assets.** If a benefit corporation transacts a sale,
 23 lease, exchange, or other disposition of all or substantially all of the assets of the
 24 benefit corporation, unless the transaction is in the usual and regular course of
 25 business, the benefit corporation shall approve the sale, lease, exchange, or other
 26 disposition of all or substantially all of the assets of the benefit corporation by at least
 27 the minimum vote required under AS 10.60.700 for a status change.

28 **Article 2. Directors.**

29 **Sec. 10.60.100. Standard of conduct for directors.** In discharging their duties
 30 and in considering the best interests of a benefit corporation, the board of directors,
 31 committees of the board, and individual directors of the benefit corporation

- 1 (1) shall consider the effects of an action or inaction on
- 2 (A) the shareholders of the benefit corporation;
- 3 (B) the employees and workforce of the benefit corporation, its
- 4 subsidiaries, and its suppliers;
- 5 (C) the interests of customers to the extent they are
- 6 beneficiaries of the general public benefit purpose or specific public benefit
- 7 purpose of the benefit corporation;
- 8 (D) community and societal factors, including the interests of
- 9 each community in which offices or facilities of the benefit corporation, its
- 10 subsidiaries, or its suppliers are located;
- 11 (E) local and global health;
- 12 (F) the short-term and long-term interests of the benefit
- 13 corporation, including benefits that may accrue to the benefit corporation from
- 14 its long-term plans and the possibility that those interests may be best served
- 15 by the continued independence of the benefit corporation; and
- 16 (G) the ability of the benefit corporation to accomplish its
- 17 general public benefit purpose and specific public benefit purpose, if any;
- 18 (2) may consider
- 19 (A) the resources, intent, and conduct of a person seeking to
- 20 acquire control of the benefit corporation; and
- 21 (B) other pertinent factors or the interests of other groups the
- 22 directors consider appropriate;

23 (3) are not required to give priority to a particular interest or factor

24 referred to in (1) or (2) of this section over another interest or factor unless the benefit

25 corporation has stated in its articles of incorporation its intention to give priority to

26 certain interests or factors related to its accomplishment of its general public benefit

27 purpose or of a specific public benefit purpose identified in its articles.

28 **Sec. 10.60.110. Coordination with other corporate board requirements.**

29 The consideration of interests and factors in the manner required by AS 10.60.100

30 does not constitute a violation of AS 10.06.450.

31 **Sec. 10.60.120. Exoneration from personal liability.** Except as provided in

1 the articles of incorporation, a director is not personally liable for monetary damages
2 for

3 (1) an action or inaction in the course of performing the duties of a
4 director under AS 10.60.100 if the director performed the duties of office in
5 compliance with AS 10.06.450 and AS 10.60.100 - 10.60.140; or

6 (2) a failure of the benefit corporation to pursue or create a general
7 public benefit or a specific public benefit.

8 **Sec. 10.60.130. No duty to beneficiary.** A director of a benefit corporation
9 does not have a duty arising from the person's status as a beneficiary to a person who
10 is a beneficiary of the general public benefit purpose or a specific public benefit
11 purpose of the benefit corporation.

12 **Sec. 10.60.140. Business judgments.** (a) A director of a benefit corporation
13 who makes a business judgment in good faith fulfills the duty under AS 10.60.100 -
14 10.60.140 if the director

15 (1) is disinterested in the subject of the business judgment;

16 (2) is informed with respect to the subject of the business judgment to
17 the extent the director reasonably believes to be appropriate under the circumstances;
18 and

19 (3) reasonably believes that the business judgment is in the best
20 interests of the benefit corporation; in this paragraph, "best interests" includes the
21 creation of the general public benefit purpose and any specific public benefit purpose.

22 (b) When making a determination under (a) of this section, the director shall
23 consider the interests and factors listed in AS 10.60.100.

24 **Article 3. Benefit Director.**

25 **Sec. 10.60.150. Benefit director.** The board of directors of a benefit
26 corporation may include a director who

27 (1) is designated the benefit director; and

28 (2) has, in addition to the powers, duties, rights, and immunities of the
29 other directors of the benefit corporation, the powers, duties, rights, and immunities
30 provided in AS 10.60.150 - 10.60.220.

31 **Sec. 10.60.160. Election of benefit director.** The board of directors shall elect

1 and may remove the benefit director in the manner provided by AS 10.06.453 -
2 10.06.463.

3 **Sec. 10.60.170. Qualifications of benefit director.** (a) The benefit director of
4 a benefit corporation, except as provided in AS 10.60.210, shall be an individual who
5 does not have a material relationship under AS 10.60.220 with the benefit corporation
6 or a subsidiary of the benefit corporation. The benefit director may serve as the benefit
7 officer at the same time as serving as the benefit director. The articles of incorporation
8 or bylaws of a benefit corporation may prescribe additional qualifications of the
9 benefit director not inconsistent with this subsection.

10 (b) Serving as benefit director of a benefit corporation does not establish that
11 an individual has a material relationship with the benefit corporation or a subsidiary of
12 the benefit corporation.

13 **Sec. 10.60.180. Annual compliance statement.** The benefit director shall
14 prepare, and the benefit corporation shall include in the annual benefit report to
15 shareholders required by AS 10.60.500,

16 (1) the opinion of the benefit director on whether the benefit
17 corporation acted in accordance with its general public benefit purpose and any
18 specific public benefit purpose in all material respects during the period covered by
19 the report;

20 (2) the opinion of the benefit director on whether the directors and
21 officers complied with AS 10.60.100 and 10.60.230 during the period covered by the
22 report; and

23 (3) if the benefit director believes the benefit corporation or its
24 directors or officers failed to act or comply in the manner described in (1) or (2) of this
25 section, a description of the ways in which the benefit corporation or its directors or
26 officers failed to act or comply.

27 **Sec. 10.60.190. Status of actions.** The action or inaction of a benefit director
28 in the capacity of a benefit director constitutes for all purposes an action or inaction of
29 that individual in the capacity of a director of the benefit corporation.

30 **Sec. 10.60.200. Exoneration from personal liability.** Regardless of whether
31 the articles of incorporation of a benefit corporation include a provision eliminating or

1 limiting the personal liability of directors under AS 10.06.210, a benefit director is not
 2 personally liable for an action or omission when done in the capacity of a benefit
 3 director unless the action or omission constitutes self-dealing, willful misconduct, or a
 4 knowing violation of law.

5 **Sec. 10.60.210. Professional corporations.** The benefit director of a benefit
 6 corporation that is a professional corporation is not prohibited from having a material
 7 relationship under AS 10.60.220 with the benefit corporation or a subsidiary of the
 8 benefit corporation.

9 **Sec. 10.60.220. Material relationship.** When determining under
 10 AS 10.60.170 whether a benefit director of a benefit corporation has a material
 11 relationship with the benefit corporation or a subsidiary of the benefit corporation, a
 12 material relationship is conclusively presumed to exist if

13 (1) the individual is, or has been within the last three years, an
 14 employee other than a benefit officer of the benefit corporation or a subsidiary;

15 (2) an immediate family member of the individual is, or has been
 16 within the last three years, an executive officer other than a benefit officer of the
 17 benefit corporation or a subsidiary;

18 (3) there is beneficial or record ownership of five percent or more of
 19 the outstanding shares of the benefit corporation, calculated as if all outstanding rights
 20 to acquire equity interests in the benefit corporation had been exercised, by

21 (A) the individual; or

22 (B) an entity

23 (i) of which the individual is a director, an officer, or a
 24 manager; or

25 (ii) in which the individual owns beneficially or of
 26 record five percent or more of the outstanding equity interests,
 27 calculated as if all outstanding rights to acquire equity interests in the
 28 entity had been exercised.

29 **Article 4. Officers.**

30 **Sec. 10.60.230. Standard of conduct for officers.** An officer of a benefit
 31 corporation shall consider the interests and factors under AS 10.60.100 if the officer

1 (1) has discretion to act with respect to a matter; and

2 (2) reasonably believes that the matter identified under (1) of this
3 section may have a material effect on the creation by the benefit corporation of general
4 public benefit or a specific public benefit identified in the articles of incorporation of
5 the benefit corporation.

6 **Sec. 10.60.240. Coordination with other corporate officer requirements.**

7 The consideration of interests and factors under AS 10.60.230 by an officer of a
8 benefit corporation does not constitute a violation of AS 10.06.483.

9 **Sec. 10.60.250. Exoneration from personal liability.** Except as provided in
10 the articles of incorporation, an officer of a benefit corporation is not personally liable
11 for monetary damages for

12 (1) an action or inaction as an officer in the course of performing the
13 duties of an officer under AS 10.60.230 - 10.60.270 if the officer performs the duties
14 of the position in compliance with AS 10.06.483 and this section; or

15 (2) a failure of the benefit corporation to pursue or create a general
16 public benefit or a specific public benefit.

17 **Sec. 10.60.260. No duty to beneficiary.** An officer of a benefit corporation
18 does not have a duty arising from the person's status as a beneficiary to a person who
19 is a beneficiary of the general public benefit purpose or a specific public benefit
20 purpose of the benefit corporation.

21 **Sec. 10.60.270. Business judgment.** An officer who makes a business
22 judgment in good faith fulfills the duty under AS 10.60.230 - 10.60.270 if the officer

23 (1) is disinterested in the subject of the business judgment;

24 (2) is informed with respect to the subject of the business judgment to
25 the extent the officer reasonably believes to be appropriate under the circumstances;
26 and

27 (3) reasonably believes that the business judgment is in the best
28 interests of the benefit corporation; in this paragraph, "best interests" includes the
29 creation of the general public benefit purpose and any specific public benefit purpose.

30 **Sec. 10.60.280. Benefit officer.** A benefit corporation may designate an officer
31 as the benefit officer of the benefit corporation. A benefit officer has the powers and

1 duties of the benefit corporation that relate to the creation of a general public benefit
 2 and a specific public benefit, as the powers and duties are provided in the bylaws, or,
 3 absent controlling provisions in the bylaws, by resolutions or orders of the board of
 4 directors. A benefit officer shall prepare the benefit report required by AS 10.60.500.

5 **Article 5. Actions and Claims.**

6 **Sec. 10.60.300. Actions and claims.** Unless another provision of this chapter
 7 limits liability, a person identified under AS 10.60.320 may bring an action or assert a
 8 claim against a benefit corporation or its directors or officers with respect to

9 (1) a failure to pursue or create general public benefit or a specific
 10 public benefit set out in its articles of incorporation; or

11 (2) a violation of an obligation, duty, or standard of conduct under this
 12 chapter.

13 **Sec. 10.60.310. Limitation on liability of corporation.** Notwithstanding
 14 AS 10.60.300, a benefit corporation is not liable for monetary damages under this
 15 chapter for a failure of the benefit corporation to pursue or create a general public
 16 benefit or a specific public benefit.

17 **Sec. 10.60.320. Right to bring action.** (a) An action under AS 10.60.300 may
 18 be commenced or maintained only

19 (1) directly by the benefit corporation; or

20 (2) derivatively under AS 10.06.435 by

21 (A) a person or group of persons that owned beneficially or of
 22 record at least two percent of the total number of the shares of the benefit
 23 corporation of a class or series outstanding at the time of the act or omission
 24 complained of;

25 (B) a director of the benefit corporation;

26 (C) a person or group of persons who owned beneficially or of
 27 record five percent or more of the outstanding equity interests in a person of
 28 which the benefit corporation is a subsidiary at the time of the act or omission
 29 complained of; or

30 (D) another person specified in the articles of incorporation or
 31 bylaws of the benefit corporation.

1 (b) In this section, a person is the beneficial owner of shares or equity interests
 2 if the shares or equity interests are held in a voting trust or by a nominee on behalf of
 3 the person.

4 **Article 6. Reporting.**

5 **Sec. 10.60.500. Benefit report.** In addition to the biennial report required by
 6 AS 10.06.805, a benefit corporation shall prepare an annual benefit report.

7 **Sec. 10.60.510. Contents of report.** The benefit report required by
 8 AS 10.60.500 must contain

9 (1) a description of

10 (A) the ways in which the benefit corporation pursued the
 11 general public benefit during the year being reported and the extent to which
 12 the benefit corporation created general public benefit;

13 (B) the ways in which the benefit corporation pursued each
 14 specific public benefit identified in the articles of incorporation and the extent
 15 to which the benefit corporation created the specific public benefit;

16 (C) any circumstances that have hindered the creation by the
 17 benefit corporation of general public benefit or specific public benefit;

18 (D) the process and rationale for selecting or changing the
 19 third-party standard used to prepare the benefit report;

20 (2) an assessment of the overall performance of the general public
 21 benefit purpose by the benefit corporation against a third-party standard

22 (A) applied consistently with any application of that standard in
 23 prior benefit reports; or

24 (B) accompanied by an explanation of the reasons for

25 (i) any inconsistent application; or

26 (ii) the change to that standard from the one used in the
 27 immediately prior report;

28 (3) the name of the benefit director, if any, and the benefit officer, if
 29 any, and the address to which correspondence to each of them may be directed;

30 (4) the compensation paid by the benefit corporation during the year to
 31 each director in the capacity of a director;

1 (5) the statement of the benefit director described in AS 10.60.180; and

2 (6) a statement of any connection between the organization that
3 established the third-party standard or its directors, officers, or any holder of five
4 percent or more of the governance interests in the organization and the benefit
5 corporation or its directors, officers, or any holder of five percent or more of the
6 outstanding shares of the benefit corporation, including any financial or governance
7 relationship that might materially affect the credibility of the use of the third-party
8 standard.

9 **Sec. 10.60.520. Correspondence relating to change of benefit director.** If,
10 during the year covered by a benefit report, a benefit director resigned from or refused
11 to stand for reelection to the position of benefit director, or was removed from the
12 position of benefit director, and the benefit director furnished the benefit corporation
13 with written correspondence concerning the circumstances surrounding the
14 resignation, refusal, or removal, the benefit report must include that correspondence as
15 an exhibit.

16 **Sec. 10.60.530. Audit not required.** A benefit corporation is not required to
17 have the benefit report, including the assessment of the performance of the benefit
18 corporation in the benefit report required by AS 10.60.510(2), audited or certified by a
19 person without a connection to the benefit corporation.

20 **Sec. 10.60.540. Delivery of annual benefit report to shareholders.** A benefit
21 corporation shall send its annual benefit report to each shareholder not later than the
22 earlier of the date

23 (1) that is 120 days after the end of the fiscal year of the benefit
24 corporation; or

25 (2) the same date as the date that the benefit corporation delivers any
26 other annual report to its shareholders.

27 **Sec. 10.60.550. Internet website posting.** If a benefit corporation has an
28 Internet website, the benefit corporation shall post all of its benefit reports on the
29 public portion of the website. The benefit corporation may omit from the benefit
30 reports posted on the website the compensation paid to directors and financial or
31 proprietary information included in the benefit report.

1 **Sec. 10.60.560. Availability of copies of benefit report.** If a benefit
2 corporation does not have an Internet website, the benefit corporation shall provide a
3 copy of its most recent benefit report, without charge, to any person who requests a
4 copy, but the benefit corporation may omit the compensation paid to directors and
5 financial or proprietary information included in the benefit report from the copy of the
6 benefit report provided to the person.

7 **Sec. 10.60.570. Filing of report.** Concurrently with the delivery of the benefit
8 report to shareholders under AS 10.60.540, a benefit corporation shall deliver a copy
9 of the benefit report to the department for filing by the department, but the benefit
10 corporation may omit the compensation paid to directors and financial or proprietary
11 information included in the benefit report from the benefit report delivered to the
12 department. The department shall charge a fee established by the department for filing
13 a benefit report.

14 **Article 7. Miscellaneous Provisions.**

15 **Sec. 10.60.700. Status change approval.** In addition to any other required
16 approval or vote, to accomplish a status change of a benefit corporation,

17 (1) the shareholders of each class or series may vote as a separate
18 voting group on the status change, regardless of a limitation stated in the articles of
19 incorporation or bylaws on the voting rights of a class or series;

20 (2) the shareholders shall approve the status change by a vote of each
21 class or series entitled to cast at least two-thirds of the votes that all shareholders of
22 the class or series are entitled to cast on the action.

23 **Sec. 10.60.710. Shareholder dissent.** In addition to the corporate actions to
24 which a shareholder may dissent under AS 10.06.574(a), a shareholder of a
25 corporation organized under AS 10.06 may dissent under AS 10.06.574 - 10.06.582 if
26 the corporation amends its articles under AS 10.60.010(2) to become a benefit
27 corporation.

28 **Sec. 10.60.720. Third-party standard.** In this chapter, whenever a third-party
29 standard is used, the standard refers to a recognized standard for defining, reporting,
30 and assessing corporate performance

31 (1) that is comprehensive because it assesses the effect of the benefit

1 corporation and its operations on the interests listed in AS 10.60.100(1)(B) - (E);

2 (2) that is developed by a person that is not controlled by the benefit
3 corporation;

4 (3) that is credible because it is developed by a person that

5 (A) has access to the expertise necessary to assess overall
6 corporate performance; and

7 (B) uses an approach, including a reasonable public comment
8 period, to develop the standard that is balanced and considers multiple
9 concerns and interests;

10 (4) for which the following information about the standard is publicly
11 available:

12 (A) the criteria considered when measuring the overall
13 performance of a business;

14 (B) the relative weightings, if any, of the criteria in (A) of this
15 paragraph;

16 (5) for which the following information about the development and
17 revision of the standard is publicly available:

18 (A) the identity of the directors, officers, material owners, and
19 governing body of the entity that developed and controls revisions to the
20 standard;

21 (B) the process by which revisions to the standard and changes
22 to the membership of the governing body are made;

23 (C) an accounting of the revenue and sources of financial
24 support for the entity, with sufficient detail to disclose any relationships that
25 could reasonably be considered to present a potential conflict of interest.

26 **Sec. 10.60.730. Tax exemptions.** A benefit corporation may not claim a tax
27 exemption under AS 43.20 (Alaska Net Income Tax Act) if the tax exemption is not
28 also available to corporations that are not benefit corporations.

29 **Sec. 10.60.740. Interpretation.** The authorization under AS 10.60.010 to form
30 a benefit corporation for a general public benefit purpose and the authorization under
31 AS 10.60.040 for a benefit corporation to identify a specific public benefit purpose

1 may not be interpreted to prevent a business entity that is formed under another law of
2 this state from including in its general powers the consideration of, or donation to, a
3 general public benefit purpose or a specific public benefit purpose.

4 **Article 8. General Provisions.**

5 **Sec. 10.60.910. Regulations.** The department may adopt regulations under
6 AS 44.62 (Administrative Procedure Act) to implement this chapter.

7 **Sec. 10.60.920. Application to business corporations generally.** The
8 existence of a provision of this chapter does not, by itself, suggest that a contrary or
9 different rule of law applies to a business corporation that is not a benefit corporation.
10 This chapter does not affect a statute or other law that applies to a business corporation
11 that is not a benefit corporation.

12 **Sec. 10.60.930. Applicable laws.** Except as otherwise provided in this chapter,
13 AS 10.06 applies to a benefit corporation. A benefit corporation may be
14 simultaneously subject to this chapter and AS 10.45. The provisions of AS 10.06 and
15 AS 10.45 are subject to this chapter.

16 **Sec. 10.60.940. Consistency with chapter.** A provision of the articles of
17 incorporation or bylaws of a benefit corporation may not limit, be inconsistent with, or
18 supersede a provision of this chapter.

19 **Sec. 10.60.990. Definitions.** In this chapter,

20 (1) "benefit corporation" means a corporation that elects under
21 AS 10.60.010 to become subject to this chapter;

22 (2) "benefit director" means the director designated as the benefit
23 director of a benefit corporation under AS 10.60.150;

24 (3) "benefit officer" means the individual designated as the benefit
25 officer of a benefit corporation under AS 10.60.280;

26 (4) "benefit report" means the report required by AS 10.60.500;

27 (5) "business corporation" means a corporation organized under
28 AS 10.06, including a professional corporation under AS 10.45;

29 (6) "general public benefit" means a material positive effect on people
30 or their surroundings, taken as a whole, assessed against a third-party standard;

31 (7) "general public benefit purpose" means the public benefit purpose

1 under AS 10.60.030;

2 (8) "specific public benefit" means a benefit that serves a public
3 welfare, religious, charitable, scientific, literary, or educational purpose, or another
4 purpose beyond the strict interest of the shareholders of the benefit corporation;

5 (9) "specific public benefit purpose" means a specific public benefit
6 purpose that is identified as a public benefit purpose by a benefit corporation under
7 AS 10.60.040(a) or (b);

8 (10) "status change" means

9 (A) an amendment of the articles of incorporation under
10 AS 10.60.010;

11 (B) an election of an existing corporation to become a benefit
12 corporation under AS 10.60.010;

13 (C) the approval of a plan of merger, consolidation, conversion,
14 or interest or share exchange under AS 10.60.020;

15 (D) the termination of benefit corporation status under
16 AS 10.60.060; or

17 (E) a disposition of assets under AS 10.60.070;

18 (11) "subsidiary" means an entity in which a person owns beneficially
19 or of record 50 percent or more of the outstanding equity interests calculated as if all
20 outstanding rights to acquire equity interests in the entity had been exercised.

21 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 **TRANSITION: REGULATIONS.** The Department of Commerce, Community, and
24 Economic Development may adopt regulations under AS 10.60.910, enacted by sec. 1 of this
25 Act, necessary to implement this Act. The regulations take effect under AS 44.62
26 (Administrative Procedure Act), but not before July 1, 2015.

27 * **Sec. 3.** Section 2 of this Act takes effect immediately under AS 01.10.070(c).

28 * **Sec. 4.** Except as provided in sec. 3 of this Act, this Act takes effect July 1, 2015.