



46-063 Emepele Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Legislative Director

**TESTIMONY ON SENATE BILL 298, SENATE DRAFT 3, HOUSE DRAFT 2, RELATING TO
BUSINESS REGULATION**

**House Committee on Finance
Hon. Marcus R. Oshiro, Chair
Hon. Marilyn B. Lee, Vice Chair**

**Monday, April 4, 2011, 5:00 PM
State Capitol, Conference Room 308**

Honorable Chair Oshiro and committee members:

I am Kris Coffield, representing the IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 60 local members. On behalf of our members, we offer this testimony in support of SB 298, SD3, HD2, relating to taxation, with suggestions for amendments.

For decades, Hawaii has attempted to mitigate an undeserved reputation for being hostile to business, often through the extension of tax credits for emergent industries. Tax credits do little ensure that local businesses operate in an eco-friendly and socially responsible fashion, however, and innovate protocols advocating such attributes, while respecting profit motivations, are sorely needed. Accordingly, the IMUAlliance supports passage of this bill, which would create a form of organization—entitled a sustainable business corporation (essentially a public benefit corporation)—accountable to directors, employees, shareholders, and the general public for acting in a manner that promotes environmental preservation, human health, economic opportunity, and artistic and scientific advancement.

That said, we encourage the committee to amend this bill by adding pertinent language from HB 235, relating to the designation of ingenuity companies under §428, the Uniform Limited Liability Company Act. While section § -5(b)(8) of SB 298, SD3, HD2 governs use of the right to exclude conferred by patents in which a sustainable business corporation holds an interest, the majority of inventors, and patent holders, are not institutionally affiliated and, instead, seek a more flexible form of enterprise, like an LLC. To be blunt, if this measure truly seeks to extend socially responsible business practices, it should protect the intellectual property interests of small enterprise, as well as big business.

Mahalo for the opportunity to testify in support of this bill.

Sincerely,
Kris Coffield
Legislative Director
IMUAlliance

1000 Bishop Street, Suite 1500, Honolulu, Hawaii 96813 P.O. Box 939, Honolulu, Hawaii 96808
Telephone: (808) 521-9200 Facsimile: (808) 521-9210

COMMITTEE ON FINANCE

Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair

HEARING

Monday, April 4, 2011
5:00 p.m.
Conference Room 308

Re: SB 298, SD3, HD2 Relating to Business Regulation.
STRONG SUPPORT

Dear Chair Oshiro, Vice Chair Lee, and Members of the Committee:

My name is Roger Epstein. I am the chairman of the tax department at the Cades Schutte law firm and have been a member of the Hawaii Bar Association for 38 years.

I strongly support passage of SB 298. I believe it is important that Hawaii join in the national effort to support and encourage business conducted with a commitment to serve its community, employees, suppliers, customers, and other constituents, as well as make a profit. Hawaii has long suffered from a reputation that it is an anti-business state. This bill will demonstrate that we are clearly in favor of businesses which operate in accordance with our aloha spirit.

I have been active with the World Business Academy for many years and am a founding member of its Hawaii branch, whose mission is to bring more community mindedness to business. I have personally met hundreds of CEO's and senior executives throughout the country, read business consultant books, and represented clients who want to operate their business as a good citizen and have created numerous working models. Now that there will be an entity that facilitates and denotes this approach, I believe it will see substantial use.

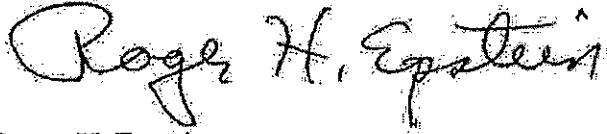
Hawaii was the last state in the country to provide for limited liability companies (LLCs), and I remember how businesses in Hawaii could not take advantage of this new vehicle for businesses (which are now more regularly used than corporations) during the years they could be used for business in other states, but not in Hawaii. I do not know the reasons for this, but I'd hate to see our community minded entrepreneurs and long-time business people similarly unable to use a sustainable business corporation to help our community.

In summary, a sustainable business corporation statute is an important element in fostering the movement for better business models. Certification from outside reputable organizations will allow our community to know who has organized themselves in this fashion, perhaps utilizing

their services more, and in the long run, perhaps changing our model of all business to be more community minded. This will greatly benefit us all.

Thank you for considering my testimony.

Sincerely,

A handwritten signature in black ink that reads "Roger H. Epstein". The signature is written in a cursive style with a large, prominent "R" at the beginning.

Roger H. Epstein

Attachment: Washington Post article on Benefit Corporation

The Washington Post

'Benefit corporations' sign up

choose to buy from local vendors at a higher cost to reduce its carbon footprint, much as the Big Bad Woof does. The company, as a part of the incorporation, is required to file an annual report on contributions to the goals set forth in the charter and submit to an audit by an independent third party.

Laura E. Jordan, a lawyer with Capital Law Firm in the District, advises companies to seek out organizations with established standards to conduct the third-party review. The law does not specify acceptable auditors, but Jordan suggests that a company such as B-Lab, a Berwyn, Pa., outfit that certifies socially responsible businesses, would be a good choice. The nonprofit has awarded 371 private companies in 54 industries its B Corporation moniker — akin to a Good Housekeeping seal of approval.

There are no tax breaks or procurement incentives for benefit corporations in Maryland, but the classification offers a competitive advantage, said Jordan, who is helping more than 20 companies become benefit corporations. She pointed to a 2010 Cone study in which 61 percent of consumers surveyed had purchased a product because of the company's long-term commitment to a cause or issue.


"If you're feeding back into your customer's goodwill, social justice, making sure your employees have sustainable wages, people

understand that and in turn will support you for it," Jones-Napier said,

Shortly after Maryland passed the benefit corporation legislation last year, Vermont got in on the act. Several other states, including New York and California, are considering similar bills. New York is one of 31 states with a "corporate constituency statute," which allows for the consideration of non-financial interests but lacks the full protection of the new law.


The workshop at MSBDC is part of a larger push by the organization to educate small businesses on socially and environmentally conscious practices. Wilson noted that next month the center will kick off a 16-part online training course on sustainability.

Advertisement



DIRECTV has more of what you want to watch!

Switch today!



http://www.washingtonpost.com/wp-dyn/content/article/2011/01/23/AR2011012303690_pf.html

Print Rewards By 

Trever K. Asam
1000 Bishop Street, Ste 1200
Honolulu, HI 96813
(808) 521-9274

COMMITTEE ON FINANCE

Rep. Marcus Oshiro,
Rep. Marilyn Lee, Vice Chair

HEARING

Monday, April 4, 2011
5:00 p.m.
Conference Room 308

Re: SB 298/HD 2 Relating to Business Regulation
SUPPORT

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

My name is Trever Asam and I am an attorney at Cades Schutte, a law firm in Honolulu. I strongly support passage of the legislation. The legislation creates a new form of entity that is for-profit in nature but that must additionally consider its impact on society.

The need for this legislation is rooted in the development of corporate law. Corporations have traditionally existed purely for the creation of profits for their shareholders. As a result, corporate law defines a corporate director's duty to shareholders in exclusively financial terms. Although a corporate director may consider non-financial factors, there is no obligation to do so.

SB 298 changes this paradigm, permitting those corporations who elect to be Sustainable Business Corporations to announce a commitment to the creation of social benefits. The legislation requires that a Sustainable Business Corporation include among its corporate purposes the creation of social benefits and to publish an annual report measuring its accomplishments against an independent third-party standard. Investors and consumers may thus determine for themselves whether the entity is living up to its promises. The market – and not the State – will determine whether a Sustainable Business Corporation is worthy of support.

Over the last two months, I have been involved in extensive discussions with the DCCA and the offices of numerous legislators regarding this legislation. Those discussions have led to the development of the current draft of the legislation, and it is my understanding that the DCCA does not oppose the legislation in its current form.

The legislation represents a new option for corporations in Hawaii. It is supported by businesses and the community. The time has come for this type of legislation in Hawaii, and I accordingly urge your support for SB298.

Mahalo,

Trever K. Asam

House Committee on Finance

Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
Monday, April 04, 2011
5:00 P.M.
Conference Room 308
in consideration of SB298

TESTIMONY IN STRONG SUPPORT OF SB298

RELATING TO BUSINESS REGULATION

Aloha Chair Oshiro, Vice Chair Lee, and Members of the Committee,

My name is Michael Snyder and I represent a Hawai'i based Renewable Energy Integration and Computer Networking and Security company. Respectfully we submit this testimony as a statement of our support for SB298.

We believe that in this ever increasing competitive global economy that it is imperative for Governments, Businesses and Individuals to work together to protect Intellectual Property and strengthen Patent Holder rights. In addition, if Hawai'i is going to meet its' goals and challenges of having a more sustainable environment, an improved competitive business climate and to create jobs we believe that it is critical to enact legislation such as SB298.

As an Aeronautical and Aerospace Engineer, and having worked in the Defense, Telecommunications, and Information Technology Industries for almost 40 years, I know the importance and critical role that Intellectual Property and Patents play in keeping the United States at the forefront. If Hawai'i truly wants to be a leader and diversify its economy, please pass SB298 to not only protect Patent Holders rights, create jobs, and protect the environment but to invite entrepreneurs and inventors to do business in Hawai'i and let them know that we are a State that wants to be at the leading edge of 21st Century innovations.

I am also currently starting a new venture with Electric Vehicles and supporting infrastructure here in Hawai'i. We will be developing, testing and deploying the latest EV's, Charging Station Network, Energy Storage and Smart Grid Distribution Systems and related Electric Transportation technologies and discoveries. We will synergize Hawaii's unique geography, scale and abundant renewable energy resources as a test bed and platform for new EV products and services while creating scores of good jobs. Because we will be utilizing Patents and proprietary Intellectual Property in our business, we are very interested in becoming one of the first LLC's designated as an "Ingenuity Company". This legislation provides us with an opportunity to lead by example and highlight our, and the State's, commitment to develop new avenues for business growth with the dedication to doing what's right for its' 'aina and people. It is our responsibility to prepare the foundation and provide our keiki with the tools required so that they can lead us into the future. As Galileo said:

"All truths are easy to understand once they are discovered; the point is to discover them."

Mahalo Chair Oshiro, Vice Chair Lee and Committee Members for your thoughtful consideration.

Very respectfully,

Michael Snyder

TESTIMONY

COMMITTEE ON FINANCE
Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair

NOTICE OF HEARING

DATE: Monday, April 04, 2011
TIME: 5:00 P.M.
PLACE: Conference Room 308
State Capitol
415 South Beretania Street

SB 298 HD1 Sustainable Business Corporations

Dear Committee Members,

Thank you.

Your willingness to consider **SB 298 HD1, Sustainable Business Corporations** is very much appreciated. SB 298 HD1 needs your strong support. Sustainable Business Corporations are good for business and good for Hawaii. SB 298 HD1 would serve the interests of businesses, shareholders, and consumers by permitting corporations to affirm a commitment to creating public benefits.

Businesses that generate calculable benefits for society can be known, not only for their products and profits but, for their quantifiable good works.

Hawaii should be encouraging and supporting Sustainable Business Corporations. The enthusiasm and passion that this business structure will bring to Hawaii will help to promote the Spirit of Aloha as the way Hawaii does business.

Please strongly support SB 298 HD1.

Sincerely,

Denny McDonough
President of A & R M Systems
Adjunct: Chaminade University, Honolulu, Hawaii
e-mail: denyatarms@aol.com

TESTIMONY

**Finance Committee: Room #308
Hearing Date: 4/04/2011 5:00PM
SB298HD2**

Testimony in Strong Support of SB298HD2

Testifier: Gary Hooser, speaking as an individual

Honorable Committee Chair Representative Oshiro, Vice Chair Lee and members of the House Finance Committee:

As a former business owner who has also been actively involved in broad-based community, environmental and sustainability organizations – I am in strong support of the passage of SB298HD3 establishing Sustainable Business Corporations. The establishment of a Sustainable Business Corporation category provides a uniform legal framework that will attract and support new businesses in Hawaii seeking to grow enterprises focused on supporting clear social, environmental and other important public benefits to our community.

Please review the attached Washington Post article that describes the State of Maryland's experience and explains further the economic development potential supporting the passage of similar Benefit Corporation and Sustainable Business Corporation legislation in Hawaii.

There are few legislative initiatives that come before the legislature that offer forward thinking proposals that meld both good business practices and good social policy – SB298HD2 is such a proposal and while the upside potential of supporting new and positive business enterprise in Hawaii is significant, the cost to the State budget itself is zero.

For these reasons and others, I strongly encourage the Committee to pass SB298HD2

Gary Hooser
808-652-4279 garylhooser@hotmail.com
5685 Ohelo Road, Kapaa Hawaii 96746

The Washington Post

'Benefit corporations' sign up

By Danielle Douglas
Capital Business Staff Writer
Monday, January 24, 2011; A11

It was not enough for Pennye Jones-Napier to sell eco-friendly chew toys or fair-trade collars at her Takoma Park pet store, the Big Bad Woof. She wanted to make sure her customers could hold her accountable to the sustainable practices she preached.

That is why she jumped at the chance to incorporate her business as a "benefit corporation," a legal designation binding her to the socially conscious commitments written into her charter. Jones-Napier was one of 12 business owners to apply for the status on the day Maryland, the first state in the country to recognize this new class of company, opened registration in October.

"Your mission sets the tone for what you do every day in your business," she said. "If your mission is aligned with social ideals, which our company is, then this is a terrific fit."

Fifteen benefit corporations have been created in the three months since new legislation, signed into law in April, took effect. If the Maryland Small Business Development Center (MSBDC) has its way, dozens more soon will join those ranks. The organization, a partnership of the U.S. Small Business Administration and the University of Maryland at College Park, is hosting a free

workshop Wednesday on the new corporate structure.


"It's new ground, but it can play a more important role in compelling entrepreneurs to do social good while they make a profit," said Casey Wilson, retail industry and sustainability programs manager at the MSBDC.

At its core, benefit corporations blend the altruism of nonprofits with the business sensibilities of for-profit companies. These hybrid entities pay taxes and can have shareholders, without the risk of being sued for not maximizing profits. Companies can consider the needs of customers, workers, the community or environment and be well within their legal right.

A benefit corporation, for instance, could

Advertisement

Kodak

Bring in any old printer to  and save an additional **\$50 off any new Kodak Printer**

478 Alakawa Street
Honolulu, 808-525-7182
98-051 Kamenhameha Highway
Aiea, 808-485-6940

OFFER EXPIRES 2/19/2011

http://www.washingtonpost.com/wp-dyn/content/article/2011/01/23/AR2011012303690_pf.html

Print Powered By 

The Washington Post

'Benefit corporations' sign up

choose to buy from local vendors at a higher cost to reduce its carbon footprint, much as the Big Bad Woof does. The company, as a part of the incorporation, is required to file an annual report on contributions to the goals set forth in the charter and submit to an audit by an independent third party.

Laura E. Jordan, a lawyer with Capital Law Firm in the District, advises companies to seek out organizations with established standards to conduct the third-party review. The law does not specify acceptable auditors, but Jordan suggests that a company such as B-Lab, a Berwyn, Pa., outfit that certifies socially responsible businesses, would be a good choice. The nonprofit has awarded 371 private companies in 54 industries its B Corporation moniker - akin to a Good Housekeeping seal of approval.

There are no tax breaks or procurement incentives for benefit corporations in Maryland, but the classification offers a competitive advantage, said Jordan, who is helping more than 20 companies become benefit corporations. She pointed to a 2010 Cone study in which 61 percent of consumers surveyed had purchased a product because of the company's long-term commitment to a cause or issue.

"If you're feeding back into your customers goodwill, social justice, making sure your employees have sustainable wages, people

understand that and in turn will support you for it," Jones-Napier said.

Shortly after Maryland passed the benefit corporation legislation last year, Vermont got in on the act. Several other states, including New York and California, are considering similar bills. New York is one of 31 states with a "corporate constituency statute," which allows for the consideration of non-financial interests but lacks the full protection of the new law.

The workshop at MSBDC is part of a larger push by the organization to educate small businesses on socially and environmentally conscious practices. Wilson noted that next month the center will kick off a 16-part online training course on sustainability.

Advertisement



DIRECTV has more of what you want to watch!

Switch today!

1-888-778-0985

NO EQUIPMENT TO BUY! NO CONTRACT! NO CANCELLATION FEES!

© 2011 DIRECTV. DIRECTV, the DIRECTV logo and the "D" logo are trademarks of DIRECTV, Inc. All other trademarks are the property of their respective owners.

http://www.washingtonpost.com/wp-dyn/content/article/2011/01/23/AR2011012303690_pf.html

Print Powered By 

Testimony in support of Senate Bill 298

Relating to Business Regulation

COMMITTEE ON FINANCE

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

HEARING DATE:

Monday, April 4, 2011

5:00pm in conference room 308

Aloha Chair Oshiro, Vice-Chair Lee and members of the Committee,

My name is Ian Chan Hodges and I have appeared before the legislature in previous sessions to provide testimony in support of creating an entity that would enable Hawaii to champion and support the rights of inventors as well as utilize patents for public purposes. I regret that I am unable to make it to today's hearing in person.

In past sessions this body has received testimony from prominent inventors, entrepreneurs and top labor leaders from around the nation in support of the Ingenuity Company bills.

I am pleased to support the integration of the ingenuity company language with the sustainable business corporation as found in SB298. I believe this will provide beneficial synergies to both approaches to creating new corporate structures that serve the public interest.

Mahalo for your time and consideration.

Ian Chan Hodges

Dear Committee Members,

Thank you for hearing SB 298 today. This bill is an innovative way to help those companies who are believers in the so-called Triple Bottom Line. While none dispute the importance of profits, most companies also recognize the need to address the social and environmental impact of their activities.

All too often, in spite of such desires, case law has been interpreted to make corporations primarily attentive to financial interests – often at the expense of social and environmental impact. Sometimes, companies have felt compelled to organize as non-profits to avoid running afoul of their fiduciary responsibilities.

The Sustainable Business Corporation (SBC) was developed to allow companies to act in the interest of all stakeholders by creating a mechanism for annual reporting of their public sustainability performance. The shareholders of SBC's have a duty to act in the interest of the public sustainable objectives they committed to create.

This idea has taken hold in many areas of the US. New Jersey, Maryland and Vermont have enacted similar legislation and bills have been introduced in seven other states. This organizational structure facilitates the excitement and enthusiasm that young entrepreneurs and others bring to their endless pursuit of new sustainable ventures.

I commend you for introducing such legislation and wholeheartedly encourage you to enact it. This will be a significant stimulus to innovative companies of all types.

Sincerely,

John Webster, Director, The Hogan Entrepreneurs

Chaminade University

"Doing Business Things that Make Social Sense and Doing Social Things that Make Business Sense"

Chair Oshiro, Vice Chair Lee and Members of the House Finance Committee:

I am pleased to once again write in support of SB 298. I am a director and former CEO of a small, 30 year old marketing communications business in Hawaii that serves other businesses large and small. I recognize the value of legislation that encourages companies to publicly declare, through the way they are constituted, their commitment to working for the public good as much as for profit. It encourages a meaningful living out of the principles of aloha.

The work my company does, from time to time, allows me to see the gap between what companies claim they do and what they actually deliver. Marketing slogans too often substitute for a genuine commitment to a corporate mission that embraces the idea of pursuing public good with the same enthusiasm that companies pursue profit.

Naming an officer on the Board and charging him or her with seeing that the public benefit aspect of the company's duty to shareholders is met ensures a practical focus on corporate responsibility.

The annual declaration of what the company has done in terms of public benefit allows the community to evaluate the company's record against its claims of doing business in a way that is consistent with the idea of a triple bottom line: people, planet, profits.

By enlarging the idea of fiduciary responsibility to encompass attention to community benefit the directors of the company are protected from lawsuits from shareholders who want profit at any cost. The sustainable business companies created by SB298 will help attract a new and emerging generation of investors who are looking to put their money where it delivers the greatest good, not just to shareholders, but to society at large. Hawaii needs that kind of investor.

As the economy struggles to recover, there is enormous value in a bill with moral suasion and no financial burden. I urge you to seize the opportunity for Hawaii to demonstrate leadership. We will be riding the momentum of states like Vermont, Maryland and New Jersey who have passed similar legislation. Hawaii, more than any other state, can attest to the value of legislation that seeks to ensure real aloha, not just in our social interactions but in our business transactions. Please move SB 298 forward. *Mahalo.*

Dawn Morais Webster Ph.D.
Director
Loomis-ISC,
Suite 350, Pioneer Plaza, 900 Fort Street Mall, Honolulu HI 96813

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Sunday, April 03, 2011 4:54 PM
To: FINTestimony
Cc: Michael@naturalinvesting.com
Subject: Testimony for SB298 on 4/4/2011 5:00:00 PM

Testimony for FIN 4/4/2011 5:00:00 PM SB298

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Michael Kramer
Organization: Individual
Address:
Phone:
E-mail: Michael@naturalinvesting.com
Submitted on: 4/3/2011

Comments:

Chairman Oshiro and members of the committee,

Please accept this letter of support for SB298. Many businesses in Hawaii would welcome the opportunity to seek a competitive advantage through this corporate designation. Sustainable businesses are attractive to customers and are good for Hawaii's employees, communities, and natural environment. Responsible companies have shown in research to be more profitable than their peers, so there is a strong business case to allow such businesses to voluntarily seek the designation proposed in SB298.

As such, I urge you to support passage of this bill, as it will raise the standards of conducting business in Hawaii.

Mahalo,

Michael Kramer
Managing Partner, Natural Investments
Founder, Kuleana Green Business Program of the Kona-Kohala Chamber of Commerce Board Member,
Sustainability Association of Hawaii Founder, Hawaii Alliance for a Local Economy