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BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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EVERETT S. KANESHIGE
DEPUTY DIRECTOR

TO THE HOUSE CONSUMER PROTECTION & COMMERCE COMMITTEE

THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2011

Date: Monday, March 21, 2011

Time: 2:00 p.m.

Conference Room: 325

**TESTIMONY ON SENATE BILL NO. 298, SD3, HD1
RELATING TO BUSINESS REGULATION**

TO THE HONORABLE ROBERT N. HERKES & THE HONORABLE RYAN I. YAMANE, CHAIRS,
AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to testify. My name is Tung Chan, Commissioner of Securities for the Business Registration Division (BREG), Department of Commerce and Consumer Affairs ("Department"). The Department takes no position on SB 298 House Draft 1.

The Department has opposed previous drafts. Since SB 298 House Draft 1 no longer impacts the State business registry and since it has also restored shareholder rights including fiduciary duties of directors towards shareholders and

Testimony of Tung Chan
March 21, 2011
SB 298, SD3, HD1
Page 2

avenues for recovery for shareholder derivative suits, we do not oppose SB 298 as revised by House Draft 1.

Thank you for the opportunity to testify. I will be happy to answer any questions the Committee may have.

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 CONSUMER PROTECTION & COMMERCE

Rep. Robert N. Herkes, Chair

Rep. Ryan I. Yamane, Vice Chair

HEARING

Monday, March 21, 2011

2:00 p.m.

Conference Room 325

Re: SB 298, SD3, HD1 Relating to Business Regulation.
STRONG SUPPORT

Dear Chair Herkes, Vice Chair Yamane, 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.

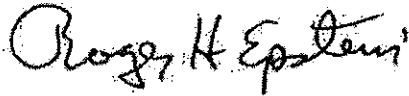
Hawaii was the last state in the country to provide for limited liability companies (LLCs), and I remember how businesses in Hawaii could not take advantage of this new vehicle for businesses (which are now more regularly used than corporations) during the years they could be used for business in other 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 cursive script that reads "Roger H. Epstein". The signature is written in dark ink and is positioned above the printed name.

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 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 MSEDCC 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.

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Hawaii Venture Capital
Association
805 Kainui Drive
Kailua, Hawaii 96734
808-262-7329
<http://www.hvca.org>

DATE: March 21, 2011

HEARING DATE/TIME: Monday, March 21, 2011, 2:00PM Conference Room 325

TO: COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Robert N. Herkes, Chair
Representative Ryan I. Yamane, Vice Chair

FROM: Bill Spencer
President
Hawaii Venture Capital Association

RE: Testimony In STRONG SUPPORT for SB298 SD3 HD1 *Relating to Business Regulations*

Thank you for the opportunity to provide testimony in STRONG SUPPORT of SB 298 SD3 HD1. A Public Benefit Corporation is a form of organization that by its nature operates in a socially and environmentally responsible manner. Such companies are held to a high standard by their officers, directors and the public rather than the government. It provides transparency and accountability.

Such organizations are deemed worth of investment by organizations and individuals who seek to invest responsibly and consistently with their own important values. Socially responsible investing has become an important form of investing across the country as individuals seek to benefit from a "triple bottom line", where companies they invest in, not only provide a return on their investment, but do good work that benefits society as a whole.

I encourage you to support this bill and encourage the establishment of Public Benefit Corporations in Hawaii for the sake of consumers, entrepreneurs and investors who want to do the right thing and be recognized as entities who subscribe to a high standard in respect to their actions.

Sincerely,

Bill Spencer
President
Hawaii Venture Capital Association

Chair Herkes, Vice Chair Yamane and Committee members:

Support

As a director of a small, 30 year old marketing communications business in Hawaii that serves other businesses large and small, I recognize and welcome the value of SB 298.

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, encourages a meaningful living out of the principles of aloha.

Too often, in the business world lip service is paid to the idea of doing what's good for the community. 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 campaigns and 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.

Having someone on the Board who is specifically charged with seeing that this aspect of the company's duty to shareholders is met ensures a focus on an often short-changed dimension of corporate responsibility. Having to annually and publicly declare what they have done in terms of public benefit, encourages companies to place a greater focus on conducting business in a responsible way and give back to the community.

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. At the same time, 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 does the greatest good.

The people and economy of Hawaii can only benefit from this bill. At a time when the economy is struggling to recover, there is enormous value in a bill with moral suasion and little to no additional cost to implement. I join other advocates of this bill in urging you to move this legislation forward and seize the opportunity for Hawaii to be an example to the nation.

Thank you.

Dawn Morais Webster Ph.D.
Director
Loomis-ISC

Dear Committee Members,

support

Thank you for hearing SB 298, HD1 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"

**TESTIMONY OF
WILLIAM H. CLARK, JR.
ON
SENATE BILL 298
BEFORE
HAWAII STATE LEGISLATURE
HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE**

March 21, 2011

Representative Herkes and members of the Committee:

My name is William H. Clark, Jr. I appreciate this opportunity to provide testimony in support of S.B. 298 regarding sustainable business corporations.

I am a partner in Drinker Biddle & Reath LLP and practice in its Philadelphia office in the Corporate and Securities Group. Recently I have been serving as pro bono counsel to a nonprofit organization called B Lab in connection with its support of the enactment of legislation similar to S.B. 298 in various states around the country. At the request of Trever Asam and his colleagues in the Honolulu bar, I prepared the first draft of what has become S.B. 298. When I was contacted by Mr. Asam, I was delighted to hear that Hawaii businesses were interested in seeing this type of legislation enacted in Hawaii. Enactment of S.B. 298 will place Hawaii in the forefront of a national movement to permit businesses to conduct their operations in a more responsible way that will benefit society and the environment.

The legislation you are considering today is similar to legislation that has been enacted in Maryland, New Jersey, Vermont, and Virginia¹. Similar legislation has been introduced, or will be introduced in the next few weeks, in California, Colorado, Michigan, New York,

¹ As of March 19, 2011 (the date this testimony was prepared), the Virginia legislation had passed both houses of the Virginia legislature unanimously and was awaiting signature by the Governor.

North Carolina, and Pennsylvania. In the course of my work in those various states, I have had the opportunity to participate in meetings of eight different bar association corporation law drafting committees – in California, Colorado, Maryland, New York, Pennsylvania, Vermont, Virginia, and Washington. S.B. 298 reflects those discussions with lawyers from around the country, as well as the testimony at the various legislative hearings that have been held and the legislative decisions made in the states that have enacted this type legislation. As the beneficiary of all of that prior work, S.B. 298 reflects the “state of the art” and the best thinking of many lawyers and legislators. Thus, I am confident in saying that enactment of S.B. 298 will be very good for Hawaii and its citizens.

The Legal Reason Why S.B. 298 is Needed

The purpose of S.B. 298 is to provide a legal framework for corporations that wish to operate on a for-profit basis, but that also wish – at the same time – to operate in a way that produces benefits for society and the environment beyond the production of goods and services and the provision of gainful employment. S.B. 298 is necessary because corporation law requires the directors of a corporation to be focused on making the maximum profit for the shareholders. Corporation law is different in this respect from the law governing limited liability companies. The members of an LLC have the freedom to vary the fiduciary duties of the persons managing an LLC. Thus it is not necessary to change the law to permit an LLC to be organized in the way that S.B. 298 provides for corporations.

Overview of S.B. 298

The goal of the legislation is to harness the power of the free market for the benefit of society and the environment. It sets up a system of disclosure and private monitoring that does not rely on the government to police the provisions of the bill. S.B. 298 may be

summarized as follows:

- A sustainable business corporation has a purpose to benefit society and the environment, while also having the traditional purpose of making a profit for its shareholders.
- The duties of the directors and officers of a sustainable business corporation are modified to be consistent with those purposes.
- Once a year a sustainable business corporation must report on its performance during the previous year, and must make that report publicly available so that its employees, customers, other businesses in its industry, and the public generally can evaluate the corporation's performance.
- If a shareholder or director does not think the corporation is pursuing its benefit purpose, the shareholder or director may bring a lawsuit to correct the situation.

Description of the Provisions of S.B. 298

Being a sustainable business corporation is purely voluntary. An existing business corporation may elect to become a sustainable business corporation by a two-thirds vote of its shareholders. Terminating sustainable business corporation status or changing the type of public benefit to be created by the corporation similarly requires a two-thirds vote.

Every sustainable business corporation has as one of its corporate purposes the creation of a material positive impact on society and the environment taken as a whole. A sustainable business corporation may also identify specific public benefits that it is the purpose of the corporation to create.

It is important to emphasize that sustainable business corporations are for-profit

businesses. In particular, passage of S.B. 298 will have no effect on the taxation of sustainable business corporations, and a business corporation that elects to become a sustainable business corporation will continue to be taxed as a business corporation.

The directors of a sustainable business corporation are required to consider the effects of their actions on the accomplishment of general and specific public benefit. As they consider those effects, they are authorized to consider the following interests and factors:

- the ability of the sustainable business corporation to accomplish its public benefit purpose;
- the shareholders of the sustainable business corporation;
- the employees and workforce of the sustainable business corporation and its subsidiaries and suppliers;
- the interests of customers as beneficiaries of the general or specific public benefit purposes of the sustainable business corporation;
- community and societal considerations, including those of any community in which offices or facilities of the sustainable business corporation or its subsidiaries or suppliers are located;
- the local and global environment; and
- the short-term and long-term interests of the sustainable business corporation, including benefits that may accrue to the sustainable business corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the sustainable business corporation.

An officer of a sustainable business corporation must also consider the effects of his or her decisions on the accomplishment of general and specific public benefit when the officer

has discretion to act with respect to a matter and it reasonably appears to the officer that the matter may have a material effect on the creation of public benefit or on one of the factors or interests I just listed.

The fiduciary duties of directors and officers of a sustainable business corporation are a significant change from existing Hawaii law. Section 414-221 of the Hawaii business corporation law permits directors of Hawaii business corporations to consider the interests of corporate constituencies other than the shareholders, but the directors are not required to do so. The requirement that the directors of a sustainable business corporation must consider the effects of their actions on the accomplishment of public benefit is thus a very significant change in the law.

Every sustainable business corporation must have a “benefit director” who is responsible for evaluating the success of the corporation in creating public benefit. A sustainable business corporation may also have a “benefit officer” with such responsibilities as may be assigned to that position.

Each year the sustainable business corporation must prepare and distribute to its shareholders a report describing its efforts to create public benefit during the preceding year. The report must also be posted on any public website maintained by the corporation. In a regular business corporation, the corporation’s financial statements will show how the corporation is performing. The annual report on the creation of public benefit is intended to supplement the financial statements and to fill in the rest of the picture on how the corporation has performed.

As I have worked on this type of legislation around the country, I have repeatedly been impressed with the number of businesses who are supportive of the concept and eager to

adopt this new form if it is available to them. I am confident that there will be a very positive response to the enactment of S.B. 298.

TESTIMONY

In Favor

House Committee on Consumer Protection & Commerce

Representative Robert N. Herkes, Chair and Representative Ryan I. Yamane, Vice Chair

Monday, March 21, 2011
2:00 p.m. Conference Room 325

SB 298, SD3, HD1 Relating to Business Regulations

Dear Committee Members,

Thank you for hearing **SB298, SD3, HD1** 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 conflicting with their fiduciary responsibilities.

The Benefits Corporation or the “B Corp” was developed to allow companies to act in the interest of all stakeholders by creating a mechanism for annual reporting of their public benefits performance. The shareholders of “B Corps” have a duty to act in the interest of the public benefit they committed to create.

This idea has taken hold in many areas of the US. Maryland and Vermont have enacted “B Corp” style legislation and New Jersey has passed it in both houses. It has 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.

Respectfully yours,

Patrick Bustamante
Business Consultant

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

COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Rep. Robert Herkes, Chair

Rep. Ryan Yamane, Vice Chair

HEARING

Monday, March 21, 2011

2:00 p.m.

Conference Room 325

Re: SB 298/SD 3 Relating to Business Regulation
SUPPORT

Chair Herkes, Vice Chair Yamane, 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 Senators Baker, Hee, and Ihara regarding this legislation. Those discussions led to the development of the current H.D. 1, which is no longer opposed by the DCCA.

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

TO: COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Representative Robert Herkes, Chair,
Representative Ryan Yamane, Vice Chair

RE: HEARING on SB298 HD1

DATE: Monday, March 21, 2011

TIME: 2:00 p.m. Conference Room 325

Representatives Herkes and Yamane and Members of the Committee,

I am writing in support of SB298 HD1, the bill that establishes a framework for the establishment of the Sustainable Business Corporation in Hawaii. There are many reasons why this type of corporate structure is good for Hawaii and good for business. Businesses that benefit the community by operating in a socially and environmentally responsible manner increase customer loyalty, which makes good business sense as they prove their worthiness to the public beyond merely the products and services they provide. Such entities will formally agree to operate for the public benefit as follows:

- (1) Providing low-income or underserved individuals or communities with beneficial products or services;
- (2) Promoting economic opportunity for individuals or communities beyond the creation of jobs in the normal course of business;
- (3) Preserving the environment;
- (4) Improving human health;
- (5) Promoting the arts, sciences, or advancement of knowledge;
- (6) Increasing the flow of capital to entities with a public benefit purpose; and
- (7) The accomplishment of any other particular benefit for society or the environment.

Sustainable business corporations exist to serve the interests of multiple stakeholders: shareholders, employees, customers, communities, and the environment. In demonstrating care for these stakeholders, I believe that public benefit corporations will be more successful businesses, which will encourage the entire business community to consider similar practices.

As this is a voluntary standard, obviously it is meant for those conscientious businesses that wish to embrace this high level of transparency and accountability. I urge the Committee to enable such businesses to strive for this level of integrity, and as such I urge you to support SB298 HD1 to raise the bar for business standards here in Hawaii.

Mahalo,



Michael Kramer

Founder, Kuleana Green Business Program, Kona-Kohala Chamber of Commerce
Board Member, Sustainability Association of Hawaii
Managing Partner, Natural Investments LLC

TESTIMONY

Committee: CPC Room #325
Hearing Date: 3/15/2011 2:00PM
SB298SD3

Testimony in Strong Support of SB298HD1 with amendments.

Testifier: Gary Hooser, speaking as an individual

Honorable Committee Chair Representative Herkes, Vice Chair Yamane and members of the House Consumer Protection and Commerce 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 SB298HD1 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 – SB298HD1 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 with amendments if possible to strengthen the requirements that Directors shall consider a broad set of sustainable, responsible and public benefit criteria.

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

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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.

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

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TESTIMONY

Committee on Consumer Protection and Commerce Chaired by Representative Robert N. Herkes

Monday, March 21, 2011
Room 325 at 2:00 PM

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.

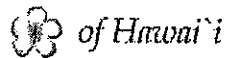
Please strongly support SB 298 HD1.

Sincerely,

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



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March 20, 2011

COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Rep. Robert N. Herkes, Chair

Rep. Ryan I. Yamane, Vice Chair

HEARING

Monday, March 21, 2011

2:00 p.m.

Conference Room 325

Re: Testimony in Support of SB298, HD1 Relating to
Sustainable Business Corporations

Dear Chair Herkes, Vice Chair Yamane, and Members of the Committee:

As President of the Entrepreneurs Foundation of Hawai'i, a 501(c)(3) nonprofit organization that encourages entrepreneurial companies to engage in community service and philanthropy, I strongly support passage of SB298, HD1. The legislation would permit electing corporations to pursue both profit and the creation of public benefits, filling gaps in the law that currently interfere with these endeavors. By allowing companies to consider the interests of employees, the environment, or communities without being subject to lawsuits for harming the interests of shareholders, SB298, HD1 will encourage the formation and development of socially responsible enterprises. Social entrepreneurs will be able to build their companies, attract investors, and deliver both profits and public benefits to the Hawai'i community.

I strongly urge your support for SB298, HD1.

Sincerely yours,

/s/

Leigh-Ann K. Miyasato
President & Executive Director



**Testimony to the House Committee on Commerce and Consumer Protection
Monday, March 21, 2011**

2:00 p.m.

State Capitol - Conference Room 325

RE: SENATE BILL NO. 298 SD3 HD1 RELATING TO BUSINESS REGULATION

Chair Herkes, Vice Chair Yamane, and members of the committee:

The Chamber of Commerce of Hawaii ("The Chamber") supports the intent of SB 298 SD3 HD1 relating to Business Regulation.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure establishes an organizational and regulatory framework for sustainable benefit corporations.

Transparent companies, with clear social benefits, will attract investors and consumers and encourages beneficial corporate behavior without additional regulation. It will be attractive to investors who are seeking businesses that create public benefits and Hawaii will be known as a place that encourages the creation of these businesses.

Thank you for the opportunity to provide testimony.