

1 S.217

2 Introduced by Senator Miller

3 Referred to Committee on

4 Date:

5 Subject: Commerce and trade; business organizations; benefit corporations

6 Statement of purpose: This bill proposes to amend the requirements of a

7 closely held corporation that elects to become a benefit corporation.

8 An act relating to closely held benefit corporations

9 It is hereby enacted by the General Assembly of the State of Vermont:

10 Sec. 1. 11A V.S.A. chapter 21 is amended to read:

11 CHAPTER 21. BENEFIT CORPORATIONS

12 \* \* \*

13 § 21.03. DEFINITIONS

14 (a) As used in this chapter:

15 (1) "Benefit corporation" means a corporation as defined in section 1.40

16 of this title whose articles of incorporation include the statement "This

17 corporation is a benefit corporation."

18 (2) "Benefit director" means:

19 (A) a director designated as a benefit director of a benefit corporation

20 as provided in section 21.10 of this title; or



1 corporation shall not have any fiduciary duty to a person who is a beneficiary  
2 of the general or specific public benefit purposes of the benefit corporation  
3 arising only from the person's status as a beneficiary.

4 § 21.10. BENEFIT DIRECTOR

5 (a) ~~The~~ Except as provided in subsection (e) of this section, the board of  
6 directors of a benefit corporation shall include at least one director who shall  
7 be designated a "benefit director" and shall have, in addition to all of the  
8 powers, duties, rights, and immunities of the other directors of the benefit  
9 corporation, the powers, duties, rights, and immunities provided in this section.

10 \* \* \*

11 (e) If the articles of incorporation of a benefit corporation that is a close  
12 corporation dispense with or restrict the discretion or powers of a board of  
13 directors pursuant to sections 20.08 and 20.09 of this title, then the articles of  
14 incorporation ~~shall provide that~~ or the shareholder agreement of the close  
15 corporation shall specify the persons who ~~perform the duties of a board of~~  
16 ~~directors shall include at least one person with~~ shall exercise the powers,  
17 duties, ~~and rights, and immunities of a benefit director~~ of the board of directors  
18 and the benefit director. A person who exercises one or more powers, duties,  
19 or rights of a benefit director pursuant to this subsection:

20 (1) shall not be required to be independent of the benefit corporation;

21 (2) shall have the immunities of a benefit director;



1 rights and have the immunities of the board of directors and the benefit

2 director.

3 Sec. 2. EFFECTIVE DATE

4 This act shall take effect on passage.