

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 22-0746 **Date:** January 25, 2022 Bill Status: Senate Business **Prime Sponsors:** Sen. Lee Rep. Bird Fiscal Analyst: Christina Van Winkle | 303-866-6289 Christina.VanWinkle@state.co.us **Bill Topic:** MODIFICATIONS TO CO PUBLIC BENEFIT CORPORATION ACT Summary of ☐ TABOR Refund Fiscal Impact: ☐ Local Government ☐ State Transfer ☐ Statutory Public Entity The bill modifies certain provisions of the Public Benefit Corporation Act, including requirements for conversion to or from a public benefit corporation and clarifications of director duties. The bill may decrease state revenue and workload by a minimal amount. Appropriation No appropriation is required. Summary: **Fiscal Note** The fiscal note reflects the introduced bill. Status:

Summary of Legislation

The bill modifies the Public Benefit Corporation Act. Specifically, it:

- eliminates the requirement that two-thirds of the outstanding shares approve the conversion of a corporation to a public benefit corporation (PBC) or a PBC into a non-PBC, thus the majority vote requirement is applicable;
- eliminates the appraisal rights of shareholders objecting to a conversion;
- clarifies that a nonprofit corporation cannot be a constituent entity in connection with any merger with or conversion into a PBC;
- clarifies that a director's ownership of PBC stock does not inherently create a conflict of interest; and;
- clarifies the requirements for actions to enforce the requirements of directors to the balance interests of shareholders, those affected by the corporation's conduct, and the public benefit of the PBC.

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State Revenue and Expenditures

Beginning in FY 2022-23, to the extent that this bill results in fewer civil actions brought against PBCs, there may be a reduction in revenue from court filings fees, and a corresponding reduction in workload of the trial courts in the Judicial Department. These reductions in revenue and workload are anticipated to be negligible.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Information Technology Judicial Secretary of State
Law Regulatory Agencies