

2019 -- H 6038

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

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A N A C T

RELATING TO BUSINESSES AND PROFESSIONS -- SOCIAL BENEFIT BUSINESS PROGRAM

Introduced By: Representatives Tobon, Shekarchi, Blazejewski, Edwards, and Craven

Date Introduced: April 26, 2019

Referred To: House Small Business

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 5 of the General Laws entitled "BUSINESSES AND PROFESSIONS"  
2 is hereby amended by adding thereto the following chapter:

3 CHAPTER 89

4 SOCIAL BENEFIT BUSINESS PROGRAM

5 **5-89-1. Short title.**

6 This chapter shall be known and may be cited as the "Social Benefit Business Program."

7 **5-89-2. Purpose.**

8 The purpose of this chapter is as follows:

9 (1) A social benefit business is a nonprofit business with a social mission at its core,  
10 established with the specific intent to address a societal problem for the benefit of the poor or  
11 disadvantaged members of society, or to directly improve a positive social objective.

12 (2) Social benefit businesses focus specifically on solving social and environmental  
13 development challenges, while providing essential products and services to the poorest  
14 communities in the state.

15 (3) The goal of a social benefit business is to generate income and aim to be financially  
16 self-sustaining, while reinvesting all excess income back into generating sustainable social impact  
17 and maintaining the company's social benefit mission.

18 (4) Social benefit businesses are based on the premise that entrepreneurs need not be

1 motivated by profits, but rather motivated by social goals and charitable purposes in compliance  
2 with chapter 53.1 of title 5.

3 (5) Social benefit businesses are established to achieve one or more social objectives  
4 through the operation of the company, wherein no personal gain is desired by the founder or  
5 incorporator, and thus provides a clear, unambiguous mandate to management.

6 (6) Social benefit businesses operate for social objectives and not for personal gain or  
7 dividend.

### 8 **5-89-3. Definitions.**

9 As used in this chapter:

10 (1) "Consumer" means an individual who purchases goods and services for personal use  
11 from a social benefit business.

12 (2) "Disadvantaged members of society" means individuals who have been subjected to  
13 racial or ethnic prejudice or cultural bias within society because of their identification as members  
14 of a particular group without regard to their individual qualities.

15 (3) "Poor" means an individual who lacks sufficient money to live at a standard  
16 considered comfortable or normal or living at or below the federal poverty guidelines.

17 (4) "Social benefit business" means a non-loss, non-dividend nonprofit business  
18 registered and existing in compliance with the provisions of chapter 6 of title 7, and which is  
19 created and designed to achieve one or more social objectives relating to poverty, education,  
20 health, environment, or other necessities to address the problems faced by our society.

21 (5) "Social benefit business network" means a network of social benefit businesses  
22 authorized by the director of the department of business regulation to participate in a social  
23 benefit business program which issues credits for purchases by participating consumers which  
24 credits are then redeemable at any social benefit business.

25 (6) "Social impact" means the effect a business' actions have on the well-being of society.

26 (7) "Social mission" means a business' goal to achieve its social objective to benefit  
27 society.

28 (8) "Society" means a body of individuals living as members of a community.

### 29 **5-89-4. Business qualifications.**

30 In order to qualify as a social benefit business under this chapter, the business shall:

31 (1) Be established to address a specific problem to the benefit of the poor or  
32 disadvantaged members of society or to advance a positive social objective;

33 (2) Be financially self-sustaining;

34 (3) Reinvest business income not required for expenses or expansion back into generating

1 sustainable positive social impact:

2 (4) Be approved by the director of the department of business regulation as a social  
3 benefit business pursuant to this chapter;

4 (5) Qualify as a tax-exempt corporation pursuant to § 501(c)(3) of the Internal Revenue  
5 Code; and

6 (6) No employee of a social benefit business shall be paid or compensated at a rate to  
7 exceed the lesser of eight (8) times the state minimum wage or six (6) times the rate of pay or  
8 compensation earned by the lowest paid employee of the social benefit business.

9 **5-89-5.Social benefit business network -- Authorized consumer benefits.**

10 (a) Any business established as a social benefit business pursuant to this chapter shall  
11 participate in a social benefit business network wherein each consumer is electronically assigned,  
12 through a software application (app) form which shall consist of a software program designed to  
13 run through a web browser on any mobile device, including, but not limited to, smartphones and  
14 tablets and which has specific web interface functions, a membership identification number in  
15 order that the social benefit business can electronically track and credit each consumer transaction  
16 from any social benefit business, and award any credits so earned.

17 (b) As determined by the rules of the social benefit business network, each consumer may  
18 be entitled to receive reward credits up to one-third (1/3) of the income earned after expenses  
19 from each purchase the consumer makes from a social benefit business.

20 (c) Each consumer shall accumulate reward credits which may be used and applied  
21 towards a subsequent purchase at any social benefit business in the business network. Purchases  
22 made pursuant to this section may also entitle the purchaser to reward credits pursuant to  
23 subsection (b) of this section as determined by the rules of the business network.

24 **5-89-6. Soliciting contributions.**

25 Social benefit businesses soliciting contributions from persons in this state shall comply  
26 with the provisions of chapter 53.1 of title 5.

27 **5-89-7. Business designation.**

28 Only qualified and approved social benefit businesses in good standing shall use the term  
29 "social benefit business" or the designation "SBB" in their name, title or registration.

30 **5-89-8. Rules and regulations.**

31 The director of the department of business regulations is authorized to promulgate rules  
32 and regulations necessary to implement the provisions of this chapter.

1 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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RELATING TO BUSINESSES AND PROFESSIONS -- SOCIAL BENEFIT BUSINESS  
PROGRAM

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1           This act would establish the Social Benefit Business Program. The income realized by the  
2 business would be reinvested into the business itself, or directly used for positive social impact.  
3 Social businesses would operate as a non-loss, non-dividend nonprofit business. This program  
4 would further entice consumers to shop at a social business through a membership loyalty  
5 program wherein the consumer would receive a credit of up to one-third (1/3) of the income  
6 generated by the business from the consumer's purchase, to be used by the consumer for  
7 subsequent purchases from any social business in the network.

8           This act would take effect upon passage.

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