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Committee Approves Huffman Bill to Create New Business Model in California	

SACRAMENTO – The Assembly Judiciary Committee today approved Assembly Bill 361, introduced by Assemblymember Jared Huffman (D-San Rafael), which would put California on the leading edge of corporate social responsibility.

Huffman’s legislation creates a new class of corporation in California called “Benefit Corporations” that will permit businesses to balance the pursuit of corporate profits with environmental and social goals. Businesses that choose to incorporate as Benefit Corporations would operate under a broadened definition of fiduciary duty that requires them to include social and environmental responsibility as part of their companies’ mission. Current law requires corporations to prioritize financial interests and shareholder profits.

“A growing number of California businesses and investors believe this legislation is the start of something transformational, that it embodies their vision of businesses that benefit communities, workers and the planet, in addition to just profit,” said Assemblymember Huffman. “This bill sends a clear message that California is open for this very hopeful new form of business.”

AB 361 includes three basic elements:

- Requiring businesses who choose to incorporate as Benefit Corporations to include, in their companies’ mission, creating a material positive impact on society and the environment;
- Redefining fiduciary duty for Benefit Corporations to require consideration of non-financial interests when making decisions;
- Requiring Benefit Corporations to report annually on their overall social and environmental performance using recognized third-party standards.

“Benefit Corporations represent the corporate model of the future,” said Adam Lowry, Co-Founder and Chief Greenskeeper of Method Inc., a consumer products company based in San Francisco. “AB 361 will allow California to establish leadership in developing this new economy.”

AB 361 was proposed by several of Assemblymember Huffman’s constituents who participated in his annual “There Oughta Be a Law...or Not” contest and is supported by over 100 California-based businesses and associations. It is modeled after successful legislation that passed with bipartisan support in Maryland, New Jersey, Vermont and Virginia.

The bill moves to the Assembly Appropriations Committee for a hearing later this month.

Assemblymember Jared Huffman (D-San Rafael) represents the 6th Assembly District, which encompasses southern Sonoma County and all of Marin County. First elected in 2006, Huffman chairs the Assembly Water, Parks and Wildlife Committee and also serves as Co-Chair of the Legislative Environmental Caucus.

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