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Huffman Bill Creating New Business Model Moves to Senate	

SACRAMENTO – The California Assembly today approved with bipartisan support 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 legally allow businesses to pursue a material positive impact on society and the environment, while meeting higher standards of accountability and transparency. Current law requires corporations to prioritize financial interests and shareholder profits.

“Socially-responsible businesses, investors and consumers all over California are calling for this type of legislation,” said Assemblymember Huffman. “They believe this is the start of something transformational, that it embodies their forward-thinking and entrepreneurship.”

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.

“AB 361 allows more choice in terms of how to incorporate a business in California,” said Carl Guardino, President & CEO, Silicon Valley Leadership Group. “Businesses that view environmental and social sustainability as a competitive advantage can elect to become a benefit corporation.”

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 Senate for a policy committee hearing in June.

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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