
A BILL FOR AN ACT

RELATING TO SUSTAINABLE BUSINESS CORPORATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that sustainable business
2 corporations are for-profit corporations that choose to and are
3 legally obligated to operate under a corporate governance
4 structure that considers whether business decisions and actions
5 accomplish a material positive impact on society and the
6 environment. Because of this choice to adhere to a governance
7 structure that creates a legally enforceable duty to operate in
8 an environmentally and socially responsible manner, sustainable
9 business corporations frequently require less direct
10 intervention from state agencies and regulators than do
11 traditional corporate entities that operate according to the
12 sole duty of maximizing shareholder profit.

13 The legislature further finds that it is in the public
14 interest to raise awareness about this important type of
15 business structure and to preserve consumer confidence in these
16 entities. Currently, sustainable business corporations are not
17 searchable in the State's business registration platform.



1 Additionally, there is currently no mechanism by which the State
2 may terminate an entity's designation as a sustainable business
3 corporation for non-compliance with the requirements of state
4 statute or with corporate governance principles.

5 The purpose of this Act is to increase the visibility and
6 accountability of sustainable business corporations by:

7 (1) Requiring that sustainable business corporations file
8 their annual benefit reports with the department of
9 commerce and consumer affairs;

10 (2) Authorizing the department to terminate a designation
11 as a sustainable business corporation for
12 noncompliance with statutory requirements; and

13 (3) Requiring the department to make sustainable business
14 corporation status a searchable element within its
15 public platform and to post a list of sustainable
16 business corporations registered to do business in the
17 State.

18 SECTION 2. Chapter 420D, Hawaii Revised Statutes, is
19 amended by adding two new sections to be appropriately
20 designated and to read as follows:



1 "§420D- Report to be filed with the department. A
2 sustainable business corporation shall file with the department:
3 (1) Its annual benefit report;
4 (2) A statement certifying that:
5 (A) The annual benefit report is posted on the
6 sustainable business corporation's public
7 website; or
8 (B) The sustainable business corporation does not
9 have a public website; and
10 (3) A statement certifying that the sustainable business
11 corporation made a draft of the annual benefit report
12 available for comments and integrated feedback, in its
13 discretion, into the final draft of the annual benefit
14 report.

15 §420D- Termination of sustainable business corporation
16 status by the department. (a) The department may terminate the
17 status of a sustainable business corporation if the sustainable
18 business corporation fails to comply with any provision of this
19 chapter in accordance with the notice, hearing, and procedural
20 requirements of chapter 91.



1 (b) The department shall issue a notice of intent to
2 terminate the status of a sustainable business corporation prior
3 to initiating procedures to terminate a status. The notice of
4 intent shall afford the sustainable business corporation sixty
5 days to remedy the noncompliance before any adverse action is
6 taken pursuant to this section and chapter 91."

7 SECTION 3. Section 420D-2, Hawaii Revised Statutes, is
8 amended by adding a new definition to be appropriately inserted
9 and to read as follows:

10 "Department" means the department of commerce and consumer
11 affairs."

12 SECTION 4. The business registration division of the
13 department of commerce and consumer affairs shall modify its
14 online business registration platform such that registered
15 entities are searchable and identifiable according to
16 sustainable business corporation status. Further, the division
17 shall maintain a list of all sustainable business corporations
18 registered to do business in the State and shall indicate
19 whether listed sustainable business corporations have achieved a
20 B Corp Certification as issued by the nonprofit B Lab or similar
21 third-party standard that complies with section 420D-12, Hawaii



1 Revised Statutes. The division shall post on a separate webpage
2 from its searchable business registration platform:

- 3 (1) The list;
- 4 (2) Information explaining the governance structure of
5 sustainable business corporations and how it differs
6 from that of other types of corporations; and
- 7 (3) The requirements and procedures for registering as a
8 sustainable business corporation and for maintaining
9 compliance with statutory and governance requirements.

10 SECTION 5. New statutory material is underscored.

11 SECTION 6. This Act shall take effect on April 25, 2112.



Report Title:

Sustainable Business Corporations; DCCA

Description:

Requires sustainable business corporations to file annual benefit reports with DCCA. Authorizes DCCA to terminate sustainable business corporation status for noncompliance. Requires the Business Registration Division to post searchable information on sustainable business corporations on its website.
(HB1409 HD1)

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