



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 22-0746
Prime Sponsors: Sen. Lee
Rep. Bird

Date: May 31, 2022
Bill Status: Signed into Law
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Bill Topic: **MODIFICATIONS TO COLORADO PUBLIC BENEFIT CORPORATION ACT**

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> 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 Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the enacted bill.

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.

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

This bill was signed into law by the Governor on March 17, 2022, and takes effect on August 9, 2022, assuming no referendum petition is filed.

State and Local Government Contacts

Information Technology
Law

Judicial
Regulatory Agencies

Secretary of State