



MEMORANDUM

TO: Honorable Members of Michigan House of Representatives Committee on Judiciary

FROM: Leah Robinson, Director of Legislative Affairs

SUBJECT: Michigan Chamber Comments on Creation of Benefit Corporations (HBs 5387-5388)

DATE: February 7, 2024

On behalf of the Michigan Chamber's approximately 5,000 member businesses and organizations from across Michigan, thank you for the opportunity to provide feedback on House Bills 5387 and 5388, which would create the option for businesses to incorporate as a "benefit corporation" in Michigan.

Although we are neutral on this legislation based on the mixed reviews we received from members, we wanted to share the comments our members provided on the legislation. These thoughts echo the long-standing feedback we've received in previous legislative cycles.

- **Slippery Slope:** Creating an avenue to incorporate as a "benefit corporation" could create a slippery slope with legislative and policy initiatives down the road if future legislation is crafted to favor such corporations over others within the larger business community (e.g., tax credits, incentives, etc.). We would be opposed to such attempts.
- **Redundancy:** If shareholders of an organization are interested in pursuing certain social or environmental goods, they can currently direct their affiliated business(es) to do so. Furthermore, Michigan currently has 35 certified benefit corporations. If a business is interested in being recognized as a certified benefit corporation, they can do so today through a third-party entity.
- **Certification process:** Being incorporated as a benefit corporation would not include a certified status, which is a process hosted by a third-party entity. Without a certified status the incorporation articles do not carry much weight for a business and no entity is truly overseeing the progress and promise of a benefit corporation.

Thank you for the opportunity to provide comments. Please do not hesitate to reach out with questions at LRobinson@michamber.com.