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# BOZEMAN DAILY CHRONICLE

## Guest column: Benefitting Montana with benefit corporations

By By Rep. Kathleen Williams, guest columnist

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Bozeman has many wonderful home-grown companies and visionary entrepreneurs. Many seek to not only be successful, but to also contribute to social good – develop a flu vaccine, produce clothes from local wool, provide safer baby products.

Under current law, corporations must maximize profits to shareholders. They can donate to charities and do charitable work, but, technically, only to the extent the activities improve the company's public image and thereby their fiscal bottom line. In addition, companies have been successfully challenged in court for choosing a buyout offer less than the highest bid. Corporate directors for a Bozeman company recently chose a buyer that had a higher likelihood of keeping jobs in Montana – what if the other offers were higher?

What if corporations could organize for profit and social good? Where shareholders hold their directors accountable for both? Well, there is a way. "Benefit corporation" legislation has passed with strong bi-partisan support in 13 states, and in D.C. New Mexico's legislation is awaiting governor signature. Twelve other states are considering similar laws. I'm proud to sponsor benefit corporation legislation for Montana, to allow corporations to defend themselves when working to make money for investors and achieving broad social benefits.

Patagonia is an example of a benefit corporation. Each year, Patagonia donates 1 percent of its sales to grassroots organizations preserving the natural environment of local communities. This company's commitment to conservation has become so popular that Patagonia has now created 1 percent For the Planet movement – an ever-growing network of companies that realize the benefit between protecting the planet and increasing profit. Patagonia is still making money, but they aren't at risk legally for also seeking public benefit that doesn't directly contribute to their bottom line.

And benefit corporations can extend their social benefits beyond the environment. If Montana joins the increasing ranks of states codifying benefit corporations, Montana companies will have many options: helping low-income individuals, improving human health, promoting arts and science, or providing to charities, to name a few. The law has strong transparency and accountability elements, so investors enter knowingly, and directors are held accountable to both profit and benefit.

Will every company want to organize this way? Probably not. But entrepreneurs can make their own choice whether to organize this way, and investors choose whether to invest in one or not. This is simply one more option for both. Benefit corporations are still a C or S corporation under federal tax code, and there is no impact on taxes – except adding to the tax base by keeping jobs in Montana and helping attract mission-driven entrepreneurs and jobs to the state.

We need innovative policies for innovative businesses. We all know Bozeman is a wonderful place to live, work and play. Recently, the Gallatin Valley has been dubbed the “silicon prairie,” in recognition of our cutting-edge entrepreneurs and our growing tech sector. If Montana establishes this law, corporations will have voluntary solutions to enhance corporate responsibilities. Montana will become more business friendly. Montana will do business in a Montana way – creating jobs for our friends and neighbors while improving local communities and economies.

Thank you to the Montana Chamber of Commerce, other business leaders, and the bi-partisan combination of legislators who helped pass this bill in the House. Please encourage the Montana Senate to send HB 534 to our governor for signature.

Kathleen Williams represents Bozeman in the Montana Legislature.