
ASSEMBLY BILL NO. 89—ASSEMBLYMEN BOBZIEN, KIRKPATRICK, HORNE, FRIERSON, HICKEY; BUSTAMANTE ADAMS, CARLTON, CARRILLO, COHEN, DALY, DIAZ, EISEN, FLORES, HARDY, HEALEY, OHRENSCHALL, SPIEGEL AND SWANK

FEBRUARY 11, 2013

JOINT SPONSORS: SENATORS DENIS, SMITH, KIECKHEFER, ROBERSON, SEGERBLOM; JONES AND PARKS

Referred to Committee on Judiciary

SUMMARY—Authorizes the formation of benefit corporations. (BDR 7-28)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to business entities; authorizing the formation of benefit corporations; providing for the operation and governance of benefit corporations; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 This bill authorizes and provides for the governance of a new type of business
2 entity known as a benefit corporation. **Section 14** of this bill provides that the
3 purpose of a benefit corporation is to create general public benefit. Under **sections**
4 **5 and 9** of this bill, general public benefit is defined as a material positive impact
5 on society and the environment, taken as a whole, as assessed against a third-party
6 standard that satisfies certain requirements. **Section 14** further authorizes a benefit
7 corporation to identify in its articles of incorporation one or more specific public
8 benefits as an additional purpose of the benefit corporation. Under **section 7** of this
9 bill, such specific public benefits include, without limitation, providing low-income
10 or underserved individuals or communities with beneficial products or services,
11 promoting economic opportunity for individuals or communities beyond the
12 creation of jobs in the ordinary course of business, preserving the environment,
13 improving human health and promoting the arts, sciences or the advancement of
14 knowledge.

15 Under **sections 10 and 11** of this bill, a benefit corporation must be formed by
16 filing articles of incorporation with the Secretary of State and paying the fee for the
17 filing of articles of incorporation required by existing law. **Sections 6, 10 and 12** of



18 this bill establish the procedures by which an existing corporation or other type of
19 business entity may become a benefit corporation. **Sections 6, 10 and 13** of this bill
20 set forth the manner in which a benefit corporation may terminate its status as a
21 benefit corporation.

22 **Sections 15 and 17** of this bill set forth the duties of directors and officers of
23 benefit corporations. **Sections 15 and 17** require directors and officers to consider
24 the impacts of any action or proposed action upon certain constituencies, including,
25 without limitation, shareholders, employees, suppliers, subsidiaries, customers who
26 are beneficiaries of the general or specific public benefit purposes of the benefit
27 corporation and the environment.

28 **Sections 16 and 19** of this bill establish reporting requirements for benefit
29 corporations and the boards of directors of benefit corporations. Under **section 19**,
30 a benefit corporation must deliver to each shareholder an annual benefit report
31 which includes, without limitation, an assessment concerning the social and
32 environmental performance of the benefit corporation and a description of the ways
33 in which the benefit corporation pursued general public benefit and any specific
34 public benefit identified in its articles of incorporation. **Section 16** requires the
35 board of directors to include with the annual benefit report a statement indicating
36 whether, in the opinion of the board, the benefit corporation failed in any material
37 respect to pursue its general public benefit purpose or any specific public benefit
38 purpose identified in its articles of incorporation during the period covered by the
39 report.

40 **Section 18** of this bill enacts provisions governing the liability of a director or
41 officer of a benefit corporation. Under **section 18**, the duties of a director or officer
42 may be enforced only in a benefit enforcement proceeding that may be commenced
43 or maintained only by certain persons.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Title 7 of NRS is hereby amended by adding
2 thereto a new chapter to consist of the provisions set forth as
3 sections 2 to 20, inclusive, of this act.

4 **Sec. 2.** *As used in this chapter, unless the context otherwise*
5 *requires, the words and terms defined in sections 3 to 9, inclusive,*
6 *of this act have the meanings ascribed to them in those sections.*

7 **Sec. 3.** *“Benefit corporation” means a corporation organized*
8 *under chapter 78 or 78A of NRS, NRS 81.010 to 81.160, inclusive,*
9 *or chapter 89 of NRS that has elected to become subject to this*
10 *chapter and whose status as a benefit corporation has not been*
11 *terminated pursuant to this chapter.*

12 **Sec. 4.** *“Benefit enforcement proceeding” means a claim or*
13 *action for:*

14 1. *Failure of a benefit corporation to pursue the general*
15 *public benefit purpose of the benefit corporation or any specific*
16 *public benefit purpose set forth in its articles of incorporation;*

17 2. *Violation of a duty or standard of conduct imposed on a*
18 *director or officer of a benefit corporation pursuant to this*
19 *chapter; or*



1 3. *Failure of a benefit corporation to deliver or post on its*
2 *Internet website an annual benefit report as required by section 19*
3 *of this act.*

4 **Sec. 5.** *“General public benefit” means a material positive*
5 *impact on society and the environment, taken as a whole, as*
6 *assessed against a third-party standard, from the business and*
7 *operations of a benefit corporation.*

8 **Sec. 6.** *“Minimum status vote” means:*

9 1. *In the case of a corporation, in addition to any other*
10 *approval or vote required by chapter 78 or 78A of NRS, NRS*
11 *81.010 to 81.160, inclusive, or chapter 89 of NRS, whichever is*
12 *applicable, by chapter 92A of NRS or by the articles of*
13 *incorporation, satisfaction of both of the following conditions:*

14 (a) *The shareholders of every class or series are entitled to vote*
15 *on the corporate action regardless of any limitation on the voting*
16 *rights of any class or series stated in the articles of incorporation*
17 *or bylaws.*

18 (b) *The corporate action must be approved by the outstanding*
19 *shares of each class or series by at least two-thirds of the votes, or*
20 *the greater vote if required by the articles of incorporation, that all*
21 *shareholders of the class or series are entitled to cast on that*
22 *action.*

23 2. *In the case of a business entity organized and existing*
24 *under the laws of this State other than a corporation, in addition*
25 *to any other approval, vote or consent required by the laws of this*
26 *State that govern the internal affairs of the entity, by any provision*
27 *of the publicly filed record or document required to form the*
28 *entity, or by any agreement binding some or all of the holders of*
29 *the equity interests in the entity, satisfaction of both of the*
30 *following conditions:*

31 (a) *The holders of every class or series of interest in the entity*
32 *that are entitled to receive a distribution of any kind from the*
33 *entity or partnership are entitled to vote on or consent to the action*
34 *regardless of any otherwise applicable limitation on the voting or*
35 *consent rights of any class or series.*

36 (b) *The action must be approved by the vote or consent of the*
37 *holders described in paragraph (a) by at least two-thirds of the*
38 *votes or consent of those holders, or the greater vote or consent if*
39 *required by the publicly filed record or document required to form*
40 *the entity or partnership or by any agreement binding those*
41 *holders.*

42 **Sec. 7.** *“Specific public benefit” includes, without limitation:*

43 1. *Providing low-income or underserved individuals or*
44 *communities with beneficial products or services;*



1 2. *Promoting economic opportunity for individuals or*
2 *communities beyond the creation of jobs in the normal course of*
3 *business;*

4 3. *Protecting, preserving or restoring the environment;*

5 4. *Improving human health;*

6 5. *Promoting the arts, sciences or advancement of*
7 *knowledge;*

8 6. *Increasing the flow of capital to entities with a general*
9 *public benefit purpose; and*

10 7. *The accomplishment of any other particular benefit for*
11 *society or the environment.*

12 **Sec. 8.** *“Subsidiary” means an entity in which a person owns*
13 *beneficially or of record 50 percent or more of the outstanding*
14 *equity interests.*

15 **Sec. 9.** *“Third-party standard” means a standard for*
16 *defining, reporting and assessing overall corporate social and*
17 *environmental performance:*

18 1. *That provides for a comprehensive assessment of the*
19 *impact of the benefit corporation and its operations upon the*
20 *considerations listed in paragraphs (b) to (e), inclusive, of*
21 *subsection 1 of section 15 of this act; and*

22 2. *That is developed by an entity that:*

23 (a) *Has no material financial relationship with the benefit*
24 *corporation or a subsidiary of the benefit corporation;*

25 (b) *Is governed by a governing body of which not more than*
26 *one-third of the members are representatives of:*

27 (1) *Associations of businesses operating in a specific*
28 *industry whose members’ performances are measured by the*
29 *standard;*

30 (2) *Businesses from a specific industry or an association of*
31 *businesses in that industry; or*

32 (3) *Businesses whose performance is assessed against that*
33 *standard;*

34 (c) *Is not materially financed by an association or business*
35 *described in paragraph (b);*

36 (d) *Accesses necessary and appropriate expertise to assess*
37 *overall corporate social and environmental performance; and*

38 (e) *Uses a balanced, multistakeholder approach to develop the*
39 *standard, including, without limitation, a public comment period*
40 *of at least 30 days; and*

41 3. *About which the following information is available to the*
42 *public:*

43 (a) *The criteria considered when measuring the overall social*
44 *and environmental performance of a business;*



1 (b) *The relative weightings assigned to the criteria described in*
2 *paragraph (a);*

3 (c) *The identity of the directors, officers, material owners and*
4 *the governing body of the entity that developed, and controls*
5 *revisions to, the standard;*

6 (d) *The process for revising the standard and changing the*
7 *membership of the governing body that developed, and controls*
8 *revisions to, the standard; and*

9 (e) *An accounting of the sources of financial support for the*
10 *entity that developed, and controls revisions to, the standard which*
11 *provides sufficient detail to disclose any relationships that could*
12 *reasonably be considered to present a potential conflict of interest.*

13 **Sec. 10.** 1. *This chapter is applicable to all benefit*
14 *corporations.*

15 2. *The provisions of this chapter do not create any*
16 *implication that a contrary or different rule of law is or would be*
17 *applicable to a corporation that is not a benefit corporation. The*
18 *provisions of this chapter do not affect any statute or rule of law*
19 *that is or would be applicable to a corporation that is not a benefit*
20 *corporation.*

21 3. *The provisions of chapters 78 and 78A of NRS, NRS*
22 *81.010 to 81.160, inclusive, and chapters 89 and 92A of NRS apply*
23 *to benefit corporations except where those provisions conflict or*
24 *are inconsistent with the provisions of this chapter. A benefit*
25 *corporation may be subject simultaneously to this chapter and*
26 *chapter 78 or 78A of NRS, NRS 81.010 to 81.160, inclusive, or*
27 *chapter 89 of NRS, as applicable.*

28 4. *A provision of the articles of incorporation or bylaws of a*
29 *benefit corporation may not limit, be inconsistent with or*
30 *supersede a provision of this chapter.*

31 **Sec. 11.** *A benefit corporation must be formed in accordance*
32 *with NRS 78.030 to 78.055, inclusive, except that the articles of*
33 *incorporation must:*

34 1. *State that the corporation is a benefit corporation; and*

35 2. *Identify any specific public benefit adopted by the*
36 *corporation pursuant to section 14 of this act.*

37 **Sec. 12.** 1. *A domestic corporation may become a benefit*
38 *corporation under this chapter by amending its articles of*
39 *incorporation so that the articles of incorporation contain a*
40 *statement that the domestic corporation is a benefit corporation.*
41 *The amendment must be adopted by at least the minimum status*
42 *vote. If the amendment is adopted, a shareholder of the*
43 *corporation may, by complying with the provisions of NRS*
44 *92A.300 to 92A.500, inclusive, require the corporation to purchase*
45 *at their market value the shares owned by the shareholder which*



1 *are dissenting shares in accordance with the procedures set forth*
2 *in NRS 92A.300 to 92A.500, inclusive, as if the adoption of the*
3 *amendment were an action to which those provisions were*
4 *applicable.*

5 *2. If a corporation that is not a benefit corporation is a*
6 *constituent entity in a merger or is acquired in an exchange, and*
7 *the surviving entity in the merger is to be a benefit corporation or*
8 *the articles of incorporation of the acquired corporation are to be*
9 *amended in the exchange to provide that the acquired corporation*
10 *will be a benefit corporation, the merger or exchange, whichever*
11 *is applicable, is not effective unless the plan of merger or*
12 *exchange, whichever is applicable, is approved by the corporation*
13 *by the minimum status vote.*

14 *3. If a domestic other business entity is a constituent entity in*
15 *a merger and the surviving entity in the merger is to be a benefit*
16 *corporation, the merger is not effective unless the plan of merger*
17 *is approved by the domestic other business entity by at least the*
18 *minimum status vote.*

19 *4. If a domestic other business entity is the constituent entity*
20 *in a conversion in which the resulting entity will be a benefit*
21 *corporation, the plan of conversion is not effective unless the*
22 *conversion is approved by the converting entity by at least the*
23 *minimum status vote.*

24 *5. As used in this section:*

25 *(a) "Constituent entity" has the meaning ascribed to it in*
26 *NRS 92A.015.*

27 *(b) "Domestic corporation" means a corporation organized*
28 *and existing under chapter 78, 78A or 89 of NRS, or a nonprofit*
29 *cooperative corporation organized pursuant to NRS 81.010 to*
30 *81.160, inclusive.*

31 *(c) "Domestic other business entity" means a limited-liability*
32 *company organized and existing under chapter 86 of NRS, a*
33 *limited partnership organized and existing under chapter 87A or*
34 *88 of NRS or a business trust organized and existing under*
35 *chapter 88A of NRS.*

36 *(d) "Exchange" has the meaning ascribed to it in*
37 *NRS 92A.050.*

38 *(e) "Resulting entity" has the meaning ascribed to it in*
39 *NRS 92A.090.*

40 **Sec. 13. 1. A benefit corporation may terminate its status as**
41 **a benefit corporation and cease to be subject to this chapter by**
42 **amending its articles of incorporation to delete the statement in**
43 **the articles of incorporation that the corporation is a benefit**
44 **corporation as required by section 11 or 12 of this act. To be**



1 *effective, the amendment must be adopted by at least the minimum*
2 *status vote.*

3 *2. If a benefit corporation is a constituent entity in a merger,*
4 *conversion or exchange and the effect of the merger, conversion*
5 *or exchange will terminate the status of the benefit corporation as*
6 *a benefit corporation, the plan or merger, conversion or exchange,*
7 *whichever is applicable, is not effective unless it is approved by at*
8 *least the minimum status vote.*

9 *3. If not made in the usual and regular course of business, a*
10 *sale, lease, exchange or other disposition of all or substantially all*
11 *of the property of a benefit corporation is not effective unless it is*
12 *approved by at least the minimum status vote.*

13 *4. As used in this section:*

14 *(a) "Constituent entity" has the meaning ascribed to it in*
15 *NRS 92A.015.*

16 *(b) "Exchange" has the meaning ascribed to it in*
17 *NRS 92A.050.*

18 **Sec. 14.** *1. A benefit corporation shall have the purpose of*
19 *creating general public benefit. This purpose is in addition to, and*
20 *may be a limitation on, the corporation's purpose under NRS*
21 *78.030 and any specific purpose set forth in its articles of*
22 *incorporation pursuant to NRS 78.037.*

23 *2. In addition to the provisions required to be stated in the*
24 *articles of incorporation pursuant to NRS 78.035, the articles of*
25 *incorporation of a benefit corporation must contain a statement*
26 *that the corporation is a benefit corporation. The articles of*
27 *incorporation may identify the creation of one or more specific*
28 *public benefits as a purpose or as purposes of the benefit*
29 *corporation. The identification of any specific public benefit*
30 *pursuant to this subsection does not limit the obligation of the*
31 *benefit corporation to create general public benefit.*

32 *3. The creation of general and specific public benefits as*
33 *provided in subsections 1 and 2 is in the best interests of the*
34 *benefit corporation.*

35 *4. A professional corporation that is a benefit corporation*
36 *does not violate NRS 89.050 by providing the professional services*
37 *for which it was incorporated for the purpose of creating general*
38 *public benefit or any specific public benefit.*

39 *5. A benefit corporation may amend its articles of*
40 *incorporation to add, amend or delete the identification of any*
41 *specific public benefit that must be the purpose of the benefit*
42 *corporation to create. To be effective, the amendment must be*
43 *adopted by at least the minimum status vote.*

44 **Sec. 15.** *1. In discharging the duties of their respective*
45 *positions, and in considering the best interests of the benefit*



1 corporation, the board of directors, committees of the board of
2 directors and individual directors of a benefit corporation must
3 consider the impacts of any action or inaction upon:

4 (a) The shareholders of the benefit corporation.

5 (b) The employees and workforce of the benefit corporation
6 and its subsidiaries and suppliers.

7 (c) The interests of customers of the benefit corporation as
8 beneficiaries of the general public benefit purpose or any specific
9 public benefit purpose of the benefit corporation.

10 (d) Community and societal factors, including, without
11 limitation, factors in the community in which offices or facilities
12 of the benefit corporation or its subsidiaries or suppliers are
13 located.

14 (e) The local and global environment.

15 (f) The short-term and long-term interests of the benefit
16 corporation, including, without limitation, benefits that may
17 accrue to the benefit corporation from its long-term plans and the
18 possibility that those interests may be best served by control of the
19 benefit corporation remaining unchanged.

20 (g) The ability of the benefit corporation to accomplish its
21 general public benefit purpose and any specific public benefit
22 purpose.

23 2. In discharging their respective duties, the board of
24 directors, committees of the board of directors and individual
25 directors of a benefit corporation may consider:

26 (a) The resources, intent and conduct, including, without
27 limitation, the past, stated and potential conduct, of any person
28 seeking to acquire control of the benefit corporation.

29 (b) Any other pertinent factors or the interests of any other
30 person or group.

31 3. In discharging their respective duties, the board of
32 directors, committees of the board of directors and individual
33 directors of a benefit corporation are not required to give priority
34 to any particular factor or the interests of any particular person or
35 group referred to in subsection 1 or 2 over any other factor or the
36 interests of any other person or group, unless the benefit
37 corporation has stated its intention to give priority to a specific
38 public benefit purpose identified in the articles of incorporation of
39 the benefit corporation.

40 4. In performing his or her duties, a director of a benefit
41 corporation is entitled to rely on information, opinions, reports,
42 books of account or statements, including financial statements
43 and other financial data, that are prepared or presented by:



1 (a) One or more directors, officers or employees of the benefit
2 corporation reasonably believed to be reliable and competent in
3 the matters prepared or presented;

4 (b) Counsel, public accountants, financial advisers, valuation
5 advisers, investment bankers or other persons as to matters
6 reasonably believed to be within the preparer's or presenter's
7 professional or expert competence; or

8 (c) A committee on which the director does not serve,
9 established in accordance with NRS 78.125, as to matters within
10 the committee's designated authority and matters on which the
11 committee is reasonably believed to merit confidence,

12 ↪ but a director is not entitled to rely on such information,
13 opinions, reports, books of account or statements if the director
14 has knowledge concerning the matter in question that would cause
15 reliance thereon to be unwarranted.

16 5. The consideration of interests and factors in the manner
17 required by this section does not constitute a violation of NRS
18 78.138 or 78.139 and is in addition to the ability of directors to
19 consider the interests and factors set forth in NRS 78.138 and
20 78.139.

21 6. A director of a benefit corporation is not liable for
22 monetary damages for:

23 (a) Any action or inaction in the course of performing the
24 duties of a director under this section if the director performed the
25 duties of a director in compliance with this section and NRS
26 78.138 and 78.139.

27 (b) Failure of the benefit corporation to pursue or create
28 general public benefit or any specific public benefit identified in
29 the articles of incorporation of the benefit corporation pursuant to
30 section 14 of this act.

31 7. A director does not have a duty to a person who is a
32 beneficiary of the general public benefit purpose or any specific
33 public benefit purpose identified in the articles of incorporation of
34 the benefit corporation pursuant to section 14 of this act arising
35 from the status of the person as a beneficiary.

36 8. In performing his or her duties, a director of a benefit
37 corporation has the benefit of the presumptions established by
38 subsection 3 of NRS 78.138.

39 **Sec. 16. 1.** The board of directors of a benefit corporation
40 shall prepare and include in the annual benefit report to
41 shareholders required by section 19 of this act a statement
42 indicating whether, in the opinion of the board of directors, the
43 benefit corporation failed in any material respect to pursue its
44 general public benefit purpose and any specific public benefit



1 *purpose identified in the articles of incorporation pursuant to*
2 *section 14 of this act during the period covered by the report.*

3 *2. If, in the opinion of the board of directors, the benefit*
4 *corporation failed to pursue its general public benefit purpose or*
5 *any specific public benefit purpose identified in the articles of*
6 *incorporation pursuant to section 14 of this act, the statement*
7 *required by subsection 1 must include a description of the ways in*
8 *which the benefit corporation failed to pursue its general public*
9 *benefit purpose or any specific public benefit purpose.*

10 **Sec. 17.** *1. Each officer of a benefit corporation shall*
11 *consider the interests and factors described in section 15 of this*
12 *act if:*

13 *(a) The officer has discretion to act with respect to a matter;*
14 *and*

15 *(b) It reasonably appears to the officer that the matter may*
16 *have a material effect on:*

17 *(1) The creation of general public benefit or any specific*
18 *public benefit identified in the articles of incorporation of the*
19 *benefit corporation pursuant to section 14 of this act; or*

20 *(2) Any of the interests or factors described in subsections 2*
21 *and 3 of section 15 of this act.*

22 *2. The consideration by an officer of a benefit corporation of*
23 *interests and factors in the manner described in subsection 1 does*
24 *not constitute a violation of the duties of the officer.*

25 *3. An officer is not liable for monetary damages for:*

26 *(a) Any action or inaction as an officer in the course of*
27 *performing the duties of an officer under subsection 1 if the*
28 *officer performed the duties of his or her position in compliance*
29 *with this section.*

30 *(b) Failure of the benefit corporation to pursue or create*
31 *general public benefit or any specific public benefit identified in*
32 *the articles of incorporation pursuant to section 14 of this act.*

33 *4. An officer does not have a duty to a person who is a*
34 *beneficiary of the general public benefit purpose or any specific*
35 *public benefit purpose identified in the articles of incorporation of*
36 *the benefit corporation pursuant to section 14 of this act arising*
37 *from the status of the person as a beneficiary.*

38 *5. In performing his or her duties, an officer of a benefit*
39 *corporation has the benefit of the presumptions established by*
40 *subsection 3 of NRS 78.138.*

41 **Sec. 18.** *1. Except in a benefit enforcement proceeding, no*
42 *person may bring an action or assert a claim against a benefit*
43 *corporation or its directors or officers with respect to:*



1 (a) Failure to pursue or create general public benefit or any
2 specific public benefit identified in the articles of incorporation of
3 a benefit corporation pursuant to section 14 of this act; or

4 (b) A violation of an obligation, duty or standard of conduct
5 under this chapter.

6 2. A benefit enforcement proceeding may be commenced or
7 maintained only:

8 (a) Directly by the benefit corporation; or

9 (b) Derivatively by:

10 (1) A shareholder who owned beneficially or of record at
11 least 2 percent of the total number of shares of a class or series
12 outstanding at the time of the act or omission complained of;

13 (2) A director;

14 (3) A person or group of persons that owns beneficially or
15 of record 5 percent or more of the equity interests in an entity of
16 which the benefit corporation is a subsidiary at the time of the act
17 or omission complained of; or

18 (4) Any other person authorized in the articles of
19 incorporation or bylaws of the benefit corporation to commence
20 and maintain a benefit enforcement proceeding.

21 3. A benefit corporation is not liable for monetary damages
22 under this chapter for any failure of the benefit corporation to
23 create general public benefit or any specific public benefit
24 identified in the articles of incorporation of the benefit
25 corporation pursuant to section 14 of this act.

26 4. If the court in a benefit enforcement proceeding finds that
27 a failure to comply with this chapter was without justification, the
28 court may award an amount sufficient to reimburse the plaintiff
29 for the reasonable expenses incurred by the plaintiff, including
30 attorney's fees and expenses, in connection with the benefit
31 enforcement proceeding.

32 **Sec. 19.** 1. A benefit corporation shall deliver to each
33 shareholder an annual benefit report which includes the
34 following:

35 (a) A narrative description of:

36 (1) The process and rationale for selecting the third-party
37 standard used to prepare the benefit report;

38 (2) The ways in which the benefit corporation pursued
39 general public benefit during the applicable year and the extent to
40 which that general public benefit was created;

41 (3) The ways in which the benefit corporation pursued any
42 specific public benefit identified in the articles of incorporation of
43 the benefit corporation pursuant to section 14 of this act and the
44 extent to which that specific public benefit was created; and



1 (4) Any circumstances that have hindered the creation by
2 the benefit corporation of general public benefit or any specific
3 public benefit identified in the articles of incorporation of the
4 benefit corporation pursuant to section 14 of this act.

5 (b) An assessment of the overall social and environmental
6 performance of the benefit corporation, prepared in accordance
7 with a third-party standard applied consistently with any
8 application of that standard in prior benefit reports or
9 accompanied by an explanation of the reasons for any
10 inconsistent application. The assessment is not required to be
11 audited or certified by a third party.

12 (c) The statement required by section 16 of this act.

13 (d) A statement of any connection between the entity that
14 established the third-party standard, or its directors, officers or
15 material owners, and the benefit corporation, or its directors,
16 officers and material owners, including, without limitation, any
17 financial or governance relationship that might materially affect
18 the credibility of the objective assessment of the third-party
19 standard.

20 2. The annual benefit report required by subsection 1 must be
21 sent annually to each shareholder within 120 days following the
22 end of the fiscal year of the benefit corporation or at the same time
23 that the benefit corporation delivers any other annual report to its
24 shareholders.

25 3. A benefit corporation shall post all of its annual benefit
26 reports on the public portion of its Internet website, if any, except
27 that the compensation paid to directors and any financial or
28 proprietary information included in the annual benefit report may
29 be omitted from the annual benefit report posted on the Internet
30 website.

31 4. If a benefit corporation does not have an Internet website,
32 the benefit corporation must provide a copy of its most recent
33 annual benefit report, without charge, to any person requesting a
34 copy. The benefit corporation may omit any proprietary or
35 financial information, including, without limitation, the
36 compensation paid to directors, from the copy of an annual benefit
37 report that the corporation provides pursuant to this subsection.

38 **Sec. 20.** In addition to any other statement required by
39 chapter 78 or 78A of NRS, NRS 81.010 to 81.160, inclusive, or
40 chapter 89 of NRS, each certificate representing a share of a
41 benefit corporation shall contain conspicuously on the face of the
42 certificate the following statement:

43
44 *This entity is a benefit corporation.*



1 **Sec. 21.** NRS 92A.025 is hereby amended to read as follows:
2 92A.025 “Domestic corporation” means a corporation
3 organized and existing under chapter 78, 78A or 89 of NRS, *or*
4 *sections 2 to 20, inclusive, of this act*, or a nonprofit cooperative
5 corporation organized pursuant to NRS 81.010 to 81.160, inclusive.

6 **Sec. 22.** NRS 92A.205 is hereby amended to read as follows:
7 92A.205 1. After a plan of conversion is approved as
8 required by this chapter, if the resulting entity is a domestic entity,
9 the constituent entity shall deliver to the Secretary of State for filing:

10 (a) Articles of conversion setting forth:

11 (1) The name and jurisdiction of organization of the
12 constituent entity and the resulting entity; and

13 (2) That a plan of conversion has been adopted by the
14 constituent entity in compliance with the law of the jurisdiction
15 governing the constituent entity.

16 (b) The charter document of the domestic resulting entity
17 required by the applicable provisions of chapter 78, 78A, 82, 86,
18 87A, 88, 88A or 89 of NRS ~~+~~ *or sections 2 to 20, inclusive, of this*
19 *act*.

20 (c) The information required pursuant to NRS 77.310.

21 2. After a plan of conversion is approved as required by this
22 chapter, if the resulting entity is a foreign entity, the constituent
23 entity shall deliver to the Secretary of State for filing articles of
24 conversion setting forth:

25 (a) The name and jurisdiction of organization of the constituent
26 entity and the resulting entity;

27 (b) That a plan of conversion has been adopted by the
28 constituent entity in compliance with the laws of this State; and

29 (c) The address of the resulting entity where copies of process
30 may be sent by the Secretary of State.

31 3. If the entire plan of conversion is not set forth in the articles
32 of conversion, the filing party must include in the articles of
33 conversion a statement that the complete signed plan of conversion
34 is on file at the registered office or principal place of business of the
35 resulting entity or, if the resulting entity is a domestic limited
36 partnership, the office described in paragraph (a) of subsection 1 of
37 NRS 87A.215 or paragraph (a) of subsection 1 of NRS 88.330.

38 4. If the conversion takes effect on a later date specified in the
39 articles of conversion pursuant to NRS 92A.240, the charter
40 document to be filed with the Secretary of State pursuant to
41 paragraph (b) of subsection 1 must state the name and the
42 jurisdiction of the constituent entity and that the existence of the
43 resulting entity does not begin until the later date.



- 1 5. Any records filed with the Secretary of State pursuant to this
- 2 section must be accompanied by the fees required pursuant to this
- 3 title for filing the charter document.
- 4 **Sec. 23.** This act becomes effective on January 1, 2014.

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* A B 8 9 *