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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

S.B. 21
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 21's Bill Analysis](#)

Version: As Enacted

Primary Sponsor: Sen. Dolan

Local Impact Statement Procedure Required: No

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Highlights

- There are potentially some businesses operating under existing corporate structures that might opt to incorporate instead as benefit corporations as allowed under the bill. If so, they would pay a \$50 fee to amend their existing articles of corporation. This fee would be deposited into the Business Services Fund (Fund 5990).
- However, there is likely to be no effect on the overall number of new businesses filing articles of incorporation with the Secretary of State. As with other entities filing for incorporation, benefit corporations would pay a \$99 filing fee that would also be deposited into Fund 5990.

Detailed Analysis

Overall, the bill is unlikely to result in additional business filing fee revenue for the Secretary of State. It allows for the creation of benefit corporations that can pursue goals in corporate decision making other than profit maximization, such as improving the environment or socioeconomic outcomes. Businesses created under the benefit corporation structure would submit the same business filings to the Secretary of State as are currently required, with additional information related to their beneficial purposes provided in the articles of incorporation. The fee for filing articles of incorporation is \$99, with the proceeds deposited into the Business Services Fund (Fund 5990).

It is possible that some corporations currently incorporated in Ohio under existing corporate structures may wish to convert to benefit corporations. If so, they would submit an amendment of articles of incorporation to the Secretary of State along with a \$50 filing fee, also deposited into Fund 5990. However, it is difficult to predict how many businesses would convert from existing corporate forms to the benefit corporation structure.

The benefit corporation is a relatively new form of corporate structure, having first been statutorily created in 2010 in Maryland. As of this writing, 34 states have adopted legislation allowing for the formation of benefit corporations. Among neighboring states, Pennsylvania enacted legislation allowing for the creation of benefit corporations beginning in 2013. There were 60 businesses listed as benefit corporations in that state as of November 2020.¹ Indiana, Kentucky, and West Virginia also enable the formation of benefit corporations.

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¹ Information accessed on November 19, 2020 at <http://benefitcorp.net/businesses/find-a-benefit-corp>.