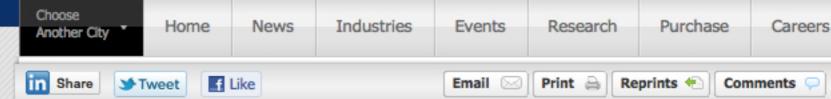
Welcome, Ida



Md. LLCs seek 'benefit' status for eco-friendly causes

Legislation mirrors 'benefit corporations' bill passed last year

Premium content from Baltimore Business Journal - by Gary Haber, Staff

Date: Friday, February 18, 2011, 6:00am EST - Last Modified: Thursday, February 17, 2011, 8:48pm EST

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have the same right as corporations to promote social causes, as well as make money, under a bill introduced this month in the General Assembly.

Maryland limited liability companies would

Senate Bill 595 and its companion bill, House Bill 1151, follow on the heels of legislation signed into law last year by Gov. Martin O'Malley. The law, which went into effect Oct. 1, made Maryland the first state in the country to recognize what are known as "benefit corporations." These are companies that, as part of their mission, commit themselves to improving their community or helping the environment, as well as turning a profit.

and officers of a benefit corporation can't be sued by shareholders for making business decisions that put the environment or social justice over making a profit.

But after the bill became law, some limited

Unlike a traditional corporation, the directors

liability companies, or LLCs, said they, too, wanted the same protection, said Sen. Jamie **Raskin**, D-Montgomery County. Raskin sponsored the original legislation in the Senate and is the sponsor of SB 595.

of benefit LLCs," Raskin said.

"We realized we had overlooked the possibility

Since Maryland is staking its claim to become "the Delaware of benefit corporations," he

standard," Raskin said.

bill becomes law, Maryland would be the first state to include LLCs.

Vermont is the only other state to pass a benefit corporation law. Its legislation was passed in May

"We want to be a beacon for companies that want to incorporate in this way and to set the

Cheinman, the principal and creative director of Substance151, a Baltimore branding and marketing firm. "Maryland is a small business state and a lot of small businesses are LLCs," Cheinman said. She

itself on its environmental friendliness. It offsets its energy use by buying renewable energy credits and tries to do its written communications with clients by e-mail, to cut down on the use of paper. Being designated as a benefit LLC is something the company could use to set itself apart from

plans to register her company as a benefit LLC if Raskin's bill becomes law. Her company prides

Cheinman is not the only one thinking that way.

Laura Jordan, a Washington, D.C., lawyer who has lectured about benefit corporations, said several of her clients have expressed interest in forming benefit LLCs.

"It's a really useful corporate form, and an idea whose time has come," Jordan said.

applying for that status. It could also make Maryland a more attractive place for companies to

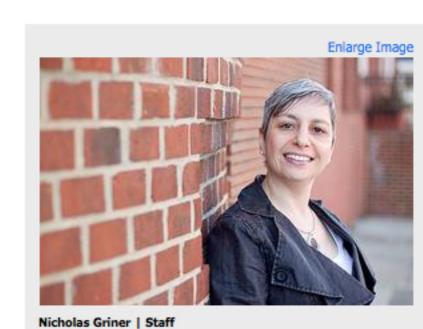
"If you wanted to incorporate, and take advantage of this, it would give you a reason to

Since the benefit corporation law went into effect in October, fewer than 50 companies have incorporated as benefit corporations, said **Robert Young**, acting deputy director of the Maryland Department of Assessments and Taxation. The department does not have an exact tally because

corporation, Young said. Senate Bill 595 is scheduled for a hearing on March 9 before the Senate Judicial Proceedings

Committee. No date has been set yet for a hearing on the House bill.

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Ida Cheinman would like to turn Substance151 into a benefit LLC.

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said, it made sense to expand the protection to LLCs that wanted the same opportunity.

2010, and goes into effect on July 1. But, like Maryland's law, it does not cover LLCs. So if Raskin's

greater operating flexibility than a corporation and certain tax benefits because their income is passed through to the individual members, rather than taxed at the LLC level. That many small businesses are LLCs meant they were excluded from the law, said Ida

LLCs tend to be the format favored by many startup businesses and smaller companies. They offer

competitors and appeal to like-minded customers, Cheinman said.

Expanding the benefit corporation law's reach to LLCs would increase the number of businesses

incorporate, said Del. Brian Feldman, D-Montgomery County, and HB 1151's sponsor. incorporate in Maryland," Feldman said.

when companies file, they do not specify in the corporation's name that they are filing as a benefit



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