Benefit Corporations

When most of us think about corporations, one of the first things we often think of is that a corporation maximizes profits at the expense of its employees, local communities, and the environment. But it doesn’t have to be that way.

By becoming a benefit corporation, the corporation’s purpose is to operate in a responsible and sustainable manner that promotes public benefits and positive social impact such as fair wages, high-quality jobs, and environmental protections. The point is that the benefit corporation creates a more just economy that is responsible to its employees and the local community. In the process the benefit corporation can still make a profit.

A benefit corporation is still a for-profit corporation that creates value for its shareholders and it also provides a public benefit as part of its mission. Periodically the benefit corporation would be expected to report on the public benefits that have been provided. Throughout its business activity, the benefit corporation must assess the effects of their actions on employees, community, customers, the environment, and future generations.

Under current Iowa law, companies can incorporate as a traditional corporation. Iowa law needs to change in order to allow benefit corporations.

The corporations that choose to become benefit corporations may be small businesses, may be family-created corporations, may be professional corporations. Benefit corporations do not have to be listed on a stock exchange.

In 2018, Representatives Art Staed and Chuck Isenhart introduced two bills (HF645, HF312) that would enable Iowa corporations to become benefit corporations. Neither bill passed.