



# California Corporate & Securities Law

## A Competing Flexible Purpose Corporation Bill?

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In this [post](#) last week, I identified [AB 361](#) as a “spot” bill introduced by Assembly Member [Jared Huffman](#). As explained in this [post](#) from last June, a spot bill is a bill that would make non-substantive changes to a particular code or law in order to serve as a placeholder so that the bill can be amended to make substantive changes. Because the substantive amendments must be “germane” to the bill’s original subject matter, a spot bill will make a non-substantive change to the code or law that is to be the subject of the substantive amendment. By hiding their true colors, spot bills are an affront to legislative transparency and accountability.

Now, I’m hearing that AB 361 is intended to be the vehicle for the introduction a Benefit Corporation Law. If this is the case, AB 361 would be a competitor to [SB 201](#), introduced by Senator [Mark DeSaulnier](#). Last month, I wrote about SB 201 in this [post](#). Although the substantive text has not yet been amended into AB 361, it is my understanding that the proposed Benefit Corporation Law will be similar to legislation enacted last April in [Maryland](#) and last May in [Vermont](#).

Professor [Thomas Kelley](#) at the University of North Carolina School of Law wrote about the pressure to create new hybrid structures in his article, “[Law and Choice of Entity on the Social Enterprise Frontier](#)”. In “[Carpe Crisis: Capitalizing on the Breakdown of Capitalism to Consider the Creation of Social Businesses](#)”, Professor [Celia Taylor](#) at the University of Denver, Sturm College of Law concludes there is an “opportunity to expand our universe and allow for the explicit recognition and creation of businesses that aim to address social problems”.

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