

Statutory Sections that Matter

Notice. A Tennessee Benefit Corporation must state in its articles of incorporation its status as a benefit corporation. In Tennessee, public benefit means a positive effect, or reduction of negative effects, on one or more categories of persons, entities, communities or interests, other than shareholders in their capacity as shareholders, including effects of an artistic, charitable, cultural, economic, educational, environmental, literary, medical, religious, scientific, social, or technological nature.

Nomenclature. Most states refer to their Benefit Corporations as “Public Benefit Corporations,” whereas Tennessee goes with the more politically tolerable in southern circles “For-Profit Benefit Corporation.” Don’t let the phrasing distract you, it’s the same thing.

Conversion. A Tennessee corporation cannot convert to a Benefit Corporation without two-thirds approval of its shareholders. Dissenting shareholders may demand payment and liquidity of their shares upon conversion. Termination of Benefit Corporation status by vote or merger requires two-thirds shareholder approval.

Operations. Directors of a Tennessee Benefit Corporation must consider not only the pecuniary interests of shareholders in decision making but also the public benefit(s) identified in its charter.

Transparency. A Tennessee Benefit Corporation must issue an annual report to shareholders narrating what it has done in furtherance of its stated public benefit. A Tennessee Benefit Corporation need not, but may utilize a third-party independent auditor to review its public benefit pursuit.

Reference: [Tennessee Code](#)
[§ 48-28-101 - 48-28-109](#)



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