SENATE BILL 501

C1, G1 SB 153/15 – EHE

By: Senators Raskin, Feldman, Guzzone, Kagan, Kelley, King, Lee, Madaleno, Manno, Nathan-Pulliam, Pinsky, Ramirez, Rosapepe, and Young

Introduced and read first time: February 3, 2016

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

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Shareholders United Act

3 FOR the purpose of prohibiting a corporation from using any money or other property of 4 the corporation in connection with a political expenditure unless the stockholders, 5 by a certain vote, have authorized in advance a certain amount of money or property 6 that may be used for certain political expenditures and directed that the money or 7 property be used for certain purposes; requiring stockholder consideration of political 8 expenditures to occur at an annual or special meeting; requiring a corporation to give 9 and, under certain circumstances, post a certain notice or send the notice to the State 10 Board of Elections within a certain period of time after making a political 11 expenditure; requiring the State Board of Elections to adopt certain regulations; 12 requiring the annual report of a corporation to contain certain information about 13 political expenditures; authorizing the Attorney General, 14 circumstances, to bring a civil action to obtain certain remedies for a violation of this 15 Act; defining a certain term; and generally relating to political expenditures by 16 corporations.

17 BY adding to

18 Article – Corporations and Associations

19 Section 1–407

20 Annotated Code of Maryland

21 (2014 Replacement Volume and 2015 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

23 That the Laws of Maryland read as follows:

Article – Corporations and Associations

25 **1-407**.

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1 (A)	IN THIS SECTION, "POLITICAL EXPENDITURE"	MEANS:
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- 2 (1) A CONTRIBUTION, GIFT, TRANSFER, DONATION, DISBURSEMENT,
- 3 OR PROMISE OF MONEY OR A THING OF VALUE TO PROMOTE OR ASSIST IN THE
- 4 PROMOTION OF THE SUCCESS OR DEFEAT OF A CANDIDATE, POLITICAL PARTY, OR
- 5 QUESTION IN ANY STATE OR FEDERAL ELECTION; OR
- 6 (2) AN INDEPENDENT EXPENDITURE OR ELECTIONEERING 7 COMMUNICATION, INCLUDING A CONTRIBUTION, GIFT, TRANSFER, DONATION,
- 8 DISBURSEMENT, OR PROMISE OF MONEY OR A THING OF VALUE TO A PERSON THAT
- 9 MAKES DISBURSEMENTS FOR INDEPENDENT EXPENDITURES OR ELECTIONEERING
- 10 COMMUNICATIONS IN ANY STATE OR FEDERAL ELECTION.
- 11 (B) THIS SECTION DOES NOT APPLY TO CONTRIBUTIONS RECEIVED OR
- 12 POLITICAL EXPENDITURES MADE BY A POLITICAL ACTION COMMITTEE SPONSORED
- 13 BY OR AFFILIATED WITH A CORPORATION.
- 14 (C) A CORPORATION MAY NOT USE ANY MONEY OR OTHER PROPERTY OF
- 15 THE CORPORATION IN CONNECTION WITH A POLITICAL EXPENDITURE UNLESS THE
- 16 STOCKHOLDERS OF THE CORPORATION, BY THE AFFIRMATIVE VOTE OF A MAJORITY
- 17 OF ALL VOTES ENTITLED TO BE CAST, HAVE:
- 18 (1) AUTHORIZED IN ADVANCE THE TOTAL AMOUNT OF MONEY OR
- 19 PROPERTY THAT MAY BE USED FOR ALL POLITICAL EXPENDITURES DURING A
- 20 SPECIFIC FISCAL YEAR OF THE CORPORATION; AND
- 21 **(2) DIRECTED THAT THE MONEY OR PROPERTY BE USED FOR:**
- 22 (I) A SPECIFIED CANDIDATE OR CANDIDATES;
- 23 (II) CANDIDATES OF A SPECIFIED POLITICAL PARTY OR
- 24 PARTIES;
- 25 (III) A SPECIFIED POLITICAL PARTY OR PARTIES;
- 26 (IV) A SPECIFIED POLITICAL COMMITTEE OR COMMITTEES;
- 27 (V) A SPECIFIED ENTITY OR ENTITIES EXEMPT FROM TAXATION
- 28 UNDER § 501(C)(4) OR (6) OF THE INTERNAL REVENUE CODE;

- 1 (VI) A SPECIFIED PERSON OR PERSONS FOR THE PURPOSE OF 2 MAKING INDEPENDENT EXPENDITURES OR ELECTIONEERING COMMUNICATIONS; 3 OR
- 4 (VII) A SPECIFIED QUESTION OR QUESTIONS.
- 5 (D) STOCKHOLDER CONSIDERATION OF POLITICAL EXPENDITURES SHALL 6 OCCUR AT AN ANNUAL OR SPECIAL MEETING OF THE STOCKHOLDERS.
- 7 (E) (1) WITHIN 48 HOURS AFTER MAKING A POLITICAL EXPENDITURE, 8 THE CORPORATION SHALL:
- 9 (I) GIVE NOTICE OF THE POLITICAL EXPENDITURE BY 10 ELECTRONIC TRANSMISSION TO EACH STOCKHOLDER THAT HAS REQUESTED 11 NOTICE; AND
- 12 (II) 1. IF THE CORPORATION MAINTAINS A WEB SITE, POST NOTICE OF THE POLITICAL EXPENDITURE ON THE WEB SITE; OR
- 2. If the corporation does not maintain a Web site, give notice of the political expenditure to the State Board of Elections to publish on its Web site.
- 17 (2) THE NOTICE SHALL STATE THE AMOUNT, RECIPIENT, DATE, AND 18 PURPOSE OF THE POLITICAL EXPENDITURE.
- 19 (3) THE STATE BOARD OF ELECTIONS SHALL ADOPT REGULATIONS 20 REGARDING THE NOTICE, INCLUDING THE LOCATION AND SIZE OF THE NOTICE.
- 21 (F) THE ANNUAL REPORT OF THE CORPORATION SHALL CONTAIN A LIST OF 22 ALL POLITICAL EXPENDITURES MADE BY THE CORPORATION DURING THE 23 REPORTING PERIOD, INCLUDING THE AMOUNT, RECIPIENT, DATE, AND PURPOSE OF 24 EACH POLITICAL EXPENDITURE.
- 25 (G) WHENEVER IT APPEARS TO THE ATTORNEY GENERAL THAT ANY 26 PERSON HAS ENGAGED IN ANY ACT OR PRACTICE CONSTITUTING A VIOLATION OF ANY PROVISION OF THIS SECTION, THE ATTORNEY GENERAL MAY BRING AN ACTION TO OBTAIN ONE OR MORE OF THE FOLLOWING REMEDIES:
- 29 (1) A TEMPORARY RESTRAINING ORDER;
- 30 (2) A TEMPORARY OR PERMANENT INJUNCTION;

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1	(3)	A CIVIL PENALTY NOT EXCEEDING:
2 3	MADE IN VIOLAT	(I) THREE TIMES THE AMOUNT OF A POLITICAL EXPENDITURE ION OF SUBSECTION (C) OF THIS SECTION; OR
4		(II) \$5,000 FOR ANY OTHER VIOLATION OF THIS SECTION;
5	(4)	A DECLARATORY JUDGMENT;
6	(5)	RESCISSION;
7	(6)	RESTITUTION; AND
8	(7)	ANY OTHER APPROPRIATE RELIEF.
9 10	SECTION October 1, 2016.	2. AND BE IT FURTHER ENACTED, That this Act shall take effect