

SENATE BILL 772

G1, C1

3lr0443

By: **Senators Raskin, Madaleno, and Montgomery**

Introduced and read first time: February 1, 2013

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Campaign Finance – Corporate Contributions and Independent**
3 **Expenditures – Determination of Stockholder Preference**

4 FOR the purpose of prohibiting a Maryland corporation or a foreign corporation doing
5 business in the State from making a contribution to a campaign finance entity
6 or an independent expenditure unless a certain condition is met; authorizing a
7 stockholder alleging a violation of certain provisions of this Act to bring an
8 action directly against the directors of the corporation; providing that it is not a
9 defense to certain actions that a director acted in accordance with certain
10 provisions of law; authorizing a court to award certain damages for a violation
11 of certain provisions of this Act; prohibiting a campaign finance entity from
12 receiving a contribution made in violation of a certain provision of this Act;
13 authorizing a stockholder alleging a violation of a certain provision of this Act to
14 bring an action against a campaign finance entity; and generally relating to
15 contributions to campaign finance entities and independent expenditures by
16 corporations.

17 BY adding to

18 Article – Election Law

19 Section 13–238 and 13–245.1

20 Annotated Code of Maryland

21 (2010 Replacement Volume and 2012 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article – Election Law**

25 **13–238.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (A) (1) (I) A MARYLAND CORPORATION OR A FOREIGN
2 CORPORATION DOING BUSINESS IN THE STATE MAY NOT MAKE A CONTRIBUTION
3 TO A CAMPAIGN FINANCE ENTITY UNLESS THE BYLAWS OF THE CORPORATION
4 ESTABLISH ADEQUATE PROCEDURES FOR EFFECTIVELY DETERMINING THE
5 POLITICAL PREFERENCES OF THE STOCKHOLDERS OF THE CORPORATION AND
6 FAIRLY REPRESENTING THE PREFERENCES OF THE MAJORITY OF
7 STOCKHOLDERS.

8 (II) PROCEDURES SHALL BE DEEMED ADEQUATE FOR THE
9 PURPOSES OF SUBPARAGRAPH (I) OF THIS PARAGRAPH IF THE STOCKHOLDERS
10 OF THE CORPORATION ARE NOTIFIED OF AND HAVE THE OPPORTUNITY TO VOTE
11 ON A PROPOSED CONTRIBUTION TO A CAMPAIGN FINANCE ENTITY.

12 (2) (I) A STOCKHOLDER ALLEGING A VIOLATION OF
13 PARAGRAPH (1) OF THIS SUBSECTION MAY BRING A CIVIL ACTION DIRECTLY
14 AGAINST THE DIRECTORS OF THE CORPORATION TO RECOVER THE AMOUNT OF
15 THE CONTRIBUTION.

16 (II) A STOCKHOLDER ALLEGING A VIOLATION OF THIS
17 SECTION IS NOT SUBJECT TO § 2-405.1(G) OF THE CORPORATIONS AND
18 ASSOCIATIONS ARTICLE.

19 (III) IT IS NOT A DEFENSE TO AN ACTION UNDER
20 SUBPARAGRAPH (I) OF THIS PARAGRAPH THAT A DIRECTOR ACTED IN
21 ACCORDANCE WITH § 2-405.1 OF THE CORPORATIONS AND ASSOCIATIONS
22 ARTICLE.

23 (IV) THE COURT MAY AWARD TREBLE DAMAGES FOR A
24 VIOLATION OF PARAGRAPH (1) OF THIS SUBSECTION.

25 (B) (1) A CAMPAIGN FINANCE ENTITY MAY NOT RECEIVE A
26 CONTRIBUTION THAT IS MADE IN VIOLATION OF SUBSECTION (A) OF THIS
27 SECTION.

28 (2) A STOCKHOLDER ALLEGING A VIOLATION OF THIS
29 SUBSECTION MAY BRING A CIVIL ACTION AGAINST THE CAMPAIGN FINANCE
30 ENTITY TO RECOVER THE AMOUNT OF THE CONTRIBUTION.

31 13-245.1.

32 (A) (1) A MARYLAND CORPORATION OR A FOREIGN CORPORATION
33 DOING BUSINESS IN THE STATE MAY NOT MAKE AN INDEPENDENT
34 EXPENDITURE UNLESS THE BYLAWS OF THE CORPORATION ESTABLISH

1 ADEQUATE PROCEDURES FOR EFFECTIVELY DETERMINING THE POLITICAL
2 PREFERENCES OF THE STOCKHOLDERS OF THE CORPORATION AND FAIRLY
3 REPRESENTING THE PREFERENCES OF THE MAJORITY OF STOCKHOLDERS.

4 (2) PROCEDURES SHALL BE DEEMED ADEQUATE FOR THE
5 PURPOSES OF PARAGRAPH (1) OF THIS SUBSECTION IF THE STOCKHOLDERS OF
6 THE CORPORATION ARE NOTIFIED OF AND HAVE THE OPPORTUNITY TO VOTE ON
7 A PROPOSED INDEPENDENT EXPENDITURE.

8 (B) (1) A STOCKHOLDER ALLEGING A VIOLATION OF SUBSECTION (A)
9 OF THIS SECTION MAY BRING A CIVIL ACTION DIRECTLY AGAINST THE
10 DIRECTORS OF THE CORPORATION TO RECOVER THE AMOUNT OF THE
11 INDEPENDENT EXPENDITURE.

12 (2) A STOCKHOLDER ALLEGING A VIOLATION OF THIS SECTION IS
13 NOT SUBJECT TO § 2-405.1(G) OF THE CORPORATIONS AND ASSOCIATIONS
14 ARTICLE.

15 (3) IT IS NOT A DEFENSE TO AN ACTION UNDER PARAGRAPH (1)
16 OF THIS SUBSECTION THAT A DIRECTOR ACTED IN ACCORDANCE WITH § 2-405.1
17 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.

18 (4) THE COURT MAY AWARD TREBLE DAMAGES FOR A VIOLATION
19 OF SUBSECTION (A) OF THIS SECTION.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2013.