

Department of Legislative Services  
Maryland General Assembly  
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 809 (Senator Raskin, *et al.*)  
Education, Health, and Environmental Affairs

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Citizens' United Shareholder Democracy and Protection Act

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This bill requires a Maryland corporation to include in its bylaws adequate procedures for assessing the will of the majority of the stockholders of the corporation regarding contributions to campaign finance entities and independent expenditures for any federal, State, or local election that the corporation proposes to make. If a majority of the stockholders of a Maryland corporation are unable, by law, contract, or corporate bylaws, or any other reason, to participate in a vote regarding a proposed campaign contribution or independent expenditure, the corporation may not make the campaign contribution or independent expenditure. For the purposes of the bill, the distribution of a news story, commentary, editorial, book, or documentary in the ordinary course of business by a press organization owned or controlled by a Maryland corporation is not considered a contribution to a campaign finance entity or an independent expenditure.

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Fiscal Summary

**State Effect:** The bill does not directly affect State finances.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** The business and affairs of a corporation are managed under the direction of a board of directors and all powers of the corporation may be exercised by or under the authority of the board of directors except as conferred on or reserved to the stockholders by law or by the charter or bylaws of the corporation. "Stockholder" is defined under the

Corporations and Associations Article as a person who is a record holder of shares of stock in a corporation and includes a member of a corporation organized without stock. The bylaws of a corporation may contain any provisions not inconsistent with law or the charter of the corporation for the regulation and management of the affairs of the corporation.

All campaign finance activity for State, county, and Baltimore City elections generally must be conducted through a campaign finance entity.

“Independent expenditure” means an expenditure by a person expressly advocating the success or defeat of a clearly identified candidate or ballot issue if the expenditure is not made in coordination with, or at the request or suggestion of, a candidate, a campaign finance entity of a candidate, an agent of a candidate, or a ballot issue committee.

**Background:** In *Citizens United v. FEC*, the Supreme Court held that prohibiting or limiting independent expenditures by corporations and organizations using corporate funds violates the First Amendment.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Board of Elections, State Department of Assessments and Taxation, Department of Legislative Services

**Fiscal Note History:** First Reader - February 25, 2014  
mam/hlb

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