

SENATE BILL 153

C1

5lr0493
CF 5lr2401

By: **Senators Raskin, Feldman, Guzzone, Kagan, Kelley, King, Klausmeier, Lee, Madaleno, Manno, Montgomery, Nathan–Pulliam, Pinsky, and Rosapepe**
Introduced and read first time: January 29, 2015
Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations – Political Expenditures – Stockholder Approval**

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 within a certain period of
10 time after making a political expenditure; requiring the annual report of a
11 corporation to contain certain information about political expenditures; authorizing
12 the Attorney General, under certain circumstances, to bring a civil action to obtain
13 certain remedies for a violation of this Act; defining a certain term; and generally
14 relating to political expenditures by corporations.

15 BY adding to
16 Article – Corporations and Associations
17 Section 1–407
18 Annotated Code of Maryland
19 (2014 Replacement Volume)

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

22 **Article – Corporations and Associations**

23 **1–407.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 **(A) IN THIS SECTION, "POLITICAL EXPENDITURE" MEANS A CONTRIBUTION,**
2 **GIFT, TRANSFER, DISBURSEMENT, OR PROMISE OF MONEY OR A THING OF VALUE TO**
3 **PROMOTE OR ASSIST IN THE PROMOTION OF THE SUCCESS OR DEFEAT OF A**
4 **CANDIDATE, POLITICAL PARTY, OR QUESTION IN ANY STATE OR FEDERAL**
5 **ELECTION.**

6 **(B) A CORPORATION MAY NOT USE ANY MONEY OR OTHER PROPERTY OF**
7 **THE CORPORATION IN CONNECTION WITH A POLITICAL EXPENDITURE UNLESS THE**
8 **STOCKHOLDERS OF THE CORPORATION, BY THE AFFIRMATIVE VOTE OF A MAJORITY**
9 **OF ALL VOTES ENTITLED TO BE CAST, HAVE:**

10 **(1) AUTHORIZED IN ADVANCE THE TOTAL AMOUNT OF MONEY OR**
11 **PROPERTY THAT MAY BE USED FOR ALL POLITICAL EXPENDITURES DURING A**
12 **SPECIFIC FISCAL YEAR OF THE CORPORATION; AND**

13 **(2) DIRECTED THAT THE MONEY OR PROPERTY BE USED FOR:**

14 **(I) A SPECIFIED CANDIDATE OR CANDIDATES;**

15 **(II) CANDIDATES OF A SPECIFIED POLITICAL PARTY OR**
16 **PARTIES;**

17 **(III) A SPECIFIED POLITICAL PARTY OR PARTIES;**

18 **(IV) A SPECIFIED POLITICAL COMMITTEE OR COMMITTEES;**

19 **(V) A SPECIFIED ENTITY OR ENTITIES EXEMPT FROM TAXATION**
20 **UNDER § 501(C)(4) OR (6) OF THE INTERNAL REVENUE CODE; OR**

21 **(VI) A SPECIFIED QUESTION OR QUESTIONS.**

22 **(C) STOCKHOLDER CONSIDERATION OF POLITICAL EXPENDITURES SHALL**
23 **OCCUR AT AN ANNUAL OR SPECIAL MEETING OF THE STOCKHOLDERS.**

24 **(D) (1) WITHIN 48 HOURS AFTER MAKING A POLITICAL EXPENDITURE,**
25 **THE CORPORATION SHALL:**

26 **(I) GIVE NOTICE OF THE POLITICAL EXPENDITURE BY**
27 **ELECTRONIC TRANSMISSION TO EACH STOCKHOLDER THAT HAS REQUESTED**
28 **NOTICE; AND**

29 **(II) IF THE CORPORATION MAINTAINS A WEB SITE, POST**
30 **NOTICE OF THE POLITICAL EXPENDITURE ON THE WEB SITE.**

1 **(2) THE NOTICE SHALL STATE THE AMOUNT, RECIPIENT, DATE, AND**
2 **PURPOSE OF THE POLITICAL EXPENDITURE.**

3 **(E) THE ANNUAL REPORT OF THE CORPORATION SHALL CONTAIN A LIST OF**
4 **ALL POLITICAL EXPENDITURES MADE BY THE CORPORATION DURING THE**
5 **REPORTING PERIOD, INCLUDING THE AMOUNT, RECIPIENT, DATE, AND PURPOSE OF**
6 **EACH POLITICAL EXPENDITURE.**

7 **(F) WHENEVER IT APPEARS TO THE ATTORNEY GENERAL THAT ANY**
8 **PERSON HAS ENGAGED IN ANY ACT OR PRACTICE CONSTITUTING A VIOLATION OF**
9 **ANY PROVISION OF THIS SECTION, THE ATTORNEY GENERAL MAY BRING AN ACTION**
10 **TO OBTAIN ONE OR MORE OF THE FOLLOWING REMEDIES:**

11 **(1) A TEMPORARY RESTRAINING ORDER;**

12 **(2) A TEMPORARY OR PERMANENT INJUNCTION;**

13 **(3) A CIVIL PENALTY NOT EXCEEDING:**

14 **(I) THREE TIMES THE AMOUNT OF A POLITICAL EXPENDITURE**
15 **MADE IN VIOLATION OF SUBSECTION (B) OF THIS SECTION; OR**

16 **(II) \$5,000 FOR ANY OTHER VIOLATION OF THIS SECTION;**

17 **(4) A DECLARATORY JUDGMENT;**

18 **(5) RESCISSION;**

19 **(6) RESTITUTION; AND**

20 **(7) ANY OTHER APPROPRIATE RELIEF.**

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2015.