

SENATE BILL 501

C1, G1
SB 153/15 – EHE

6lr0863

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

2 **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, under certain
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:

24 **Article – Corporations and Associations**

25 **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:**

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 **(3) A CIVIL PENALTY NOT EXCEEDING:**
- 2 **(I) THREE TIMES THE AMOUNT OF A POLITICAL EXPENDITURE**
3 **MADE IN VIOLATION 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 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2016.