SENATE DOCKET, NO. 1404 FILED ON: 1/16/2015

SENATE . . . . . No. 213

The Commonwealth of Massachusetts

PRESENTED BY:

James B. Eldridge

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to corporations, shareholders, and political expenditures.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
James B. Eldridge	*Middlesex and Worcester*
Jason M. Lewis	*Fifth Middlesex*
Peter V. Kocot	*1st Hampshire*
Lori A. Ehrlich	*8th Essex*
Jennifer E. Benson	*37th Middlesex*
Kenneth J. Donnelly	*Fourth Middlesex*
Sonia Chang-Diaz	*Second Suffolk*
Cory Atkins	*14th Middlesex*
Sean Garballey	*23rd Middlesex*
Carmine L. Gentile	*13th Middlesex*
Tricia Farley-Bouvier	*3rd Berkshire*
Patricia D. Jehlen	*Second Middlesex*
Mary S. Keefe	*15th Worcester*
Paul R. Heroux	*2nd Bristol*
Denise Provost	*27th Middlesex*
Chris Walsh	*6th Middlesex*
Michelle M. DuBois	*10th Plymouth*

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SENATE . . . . . No. 213

By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 213) of James B. Eldridge, Jason M. Lewis, Peter V. Kocot, Lori A. Ehrlich and other members of the General Court for legislation relative to corporations, shareholders, and political expenditures. Economic Development and Emerging Technologies.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act relative to corporations, shareholders, and political expenditures.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 156D of the General Laws is hereby amended by inserting after the last section the following section:-

Section X. (a) A corporation may not use any money or other property of the corporation in connection with an independent expenditure, contribution, gift, transfer, disbursement, or promise of money or a thing of value to promote or assist in the promotion of the success or defeat of a candidate, political party, or ballot question in any state or federal election unless the shareholders of the corporation, by the affirmative vote of a majority of all votes entitled to be cast, have:

(1) authorized in advance the total amount of money or property that may be used for all such expenditures during that fiscal year; and

(2) directed that the money or property be used for:

12 (i) a specified candidate or candidates;

13 (ii) candidates of a specified political party or parties;

14 (iii) a specified political party or parties;

15 (iv) a specified political committee or committees;

16 (v) a specified entity or entities exempt from taxation under § 501(c)(4) or § 501(c)(6) of
17 the internal revenue code; or

18 (vi) a specified ballot referendum or referendums; and

19 (3) the corporation's action complies in manner and scope with the shareholders'
20 authorization.

21 Violations of this subsection are hereby declared to be ultra vires, per se wasteful of
22 corporate assets and a violation of the standards of conduct for officers and directors set forth
23 under this chapter.

24 (b) shareholder consideration of said expenditures may occur at an annual or special
25 meeting of the shareholders.

26 (c) corporations making such expenditures shall:

27 (1) provide notice, by electronic transmission within 48 hours of making the expenditure,
28 to each shareholder stating the amount, recipient and purpose of the independent expenditure,
29 contribution, gift, transfer, disbursement, or promise of money or a thing of value to promote or
30 assist in the promotion of the success or defeat of a candidate, political party, or ballot question
31 in any state or federal election.

32 (2) include the amount, recipient and purpose of the independent expenditure,
33 contribution, gift, transfer, disbursement, or promise of money or a thing of value to promote or
34 assist in the promotion of the success or defeat of a candidate, political party, or ballot question
35 in any state or federal election made in the preceding 12 months in all quarterly and annual
36 reports to shareholders.

37 (d) an officer or director of a corporation that makes or authorizes an expenditure,
38 contribution, gift, transfer, disbursement, or promise of money or a thing of value to promote or
39 assist in the promotion of the success or defeat of a candidate, political party, or ballot question
40 in any state or federal election that does not comply with subsection (a) of this section shall be
41 personally liable to the corporation for the amount of money or property expended.

42 In an action relating to an officer or director's authorization of an expenditure,
43 contribution, gift, transfer, disbursement, or promise of money or a thing of value to promote or
44 assist in the promotion of the success or defeat of a candidate, political party, or ballot question
45 in any state or federal election that did not comply with subsection (a) of this section, the director
46 or officer's belief that such authorization was nevertheless in the best interests of the corporation
47 shall not constitute a reasonable belief within the meaning of sections 8.30 or 8.42.

48 Nothing in this section shall be construed to restrict any officer manager, director or other
49 individual associated with the business entity from personally contributing to a candidate for
50 public office, contributing to a properly organized political committee or from personally
51 financing an independent expenditure otherwise allowed by law.

52 SECTION 2. Section 14.3 of said chapter 156D, as so appearing, is hereby amended by
53 inserting after paragraph (ii) in subsection 1 the following paragraph:-

54 (iii) The secretary of the commonwealth may revoke a corporation's charter its license to
55 carry on business in the commonwealth upon a finding that the corporation has been held liable
56 for one or more violations of the state's campaign finance or election laws, or upon a finding that
57 a manager or director of such a corporation has been found liable for the violation of the state's
58 campaign finance or election laws or a violation of subsection (a) of this section.