

SENATE No. 401

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:	
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	
<i>Denise Provost</i>	<i>27th Middlesex</i>	<i>1/31/2019</i>
<i>Rebecca L. Rausch</i>	<i>Norfolk, Bristol and Middlesex</i>	<i>2/1/2019</i>
<i>Mike Connolly</i>	<i>26th Middlesex</i>	<i>2/1/2019</i>
<i>Michelle M. DuBois</i>	<i>10th Plymouth</i>	<i>2/1/2019</i>
<i>Sonia Chang-Diaz</i>	<i>Second Suffolk</i>	<i>4/12/2019</i>

SENATE No. 401

By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 401) of James B. Eldridge, Denise Provost, Rebecca L. Rausch, Mike Connolly and others for legislation relative to corporations, shareholders, and political expenditures. Election Laws.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. 376 OF 2017-2018.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-First General Court
(2019-2020)

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:

1 SECTION 1. Section 1 of Chapter 55 of the General Laws is hereby amended by
2 inserting after the definition of “Contribution” the following definition:-

3 “Corporation”, a corporation for profit, which is not a foreign corporation, incorporated
4 under or subjection to Chapter 156D.

5 SECTION 2. Chapter 55 of the General Laws is hereby amended by inserting after
6 section 22A the following section:-

7 Section 22B. (a) A corporation shall not use any money or other property of the
8 corporation in connection with an independent expenditure, contribution, gift, transfer,
9 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:

(1) the shareholders of the corporation, by the affirmative vote of a majority of all votes entitled to be cast, have authorized the total amount of money or property that may be used for all such expenditures during that fiscal year, and directed that the money or property be used for: (i) a specified candidate or candidates; (ii) candidates of a specified political party or parties; (iii) a specified political party or parties; (iv) a specified political committee or committees; (v) a specified entity or entities exempt from taxation under section 501(c)(4) or section 501(c)(6) of the internal revenue code; or (vi) a specified ballot referendum or referendums; and

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

Violations of this subsection are hereby declared to be per se wasteful of corporate assets and a violation of the standards of conduct for officers and directors under sections 8.30 and 8.42 of chapter 156D.

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

(c) Corporations making such expenditures shall:

(1) provide notice, by electronic transmission within 48 hours of making the expenditure, to each shareholder stating the amount, recipient and purpose of the 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; and

(2) include the amount, recipient and purpose of the 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 made in the preceding 12 months in all quarterly and annual reports to shareholders.

(d) An officer or director of a corporation that makes or authorizes an 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 that does not comply with subsection (a) of this section shall be personally liable to the corporation for the amount of money or property expended.

In an action relating to an officer or director's authorization of an 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 that does not comply with subsection (a) of this section, the director or officer's belief that such authorization was in the best interests of the corporation shall not constitute a reasonable belief within the meaning of sections 8.30 or 8.42 of chapter 156D.

Nothing in this section shall be construed to restrict any officer manager, director or other individual associated with a business entity from personally contributing to a candidate for

public office, contributing to a properly organized political committee or from personally financing an independent expenditure otherwise allowed by law.

SECTION 3. Section 14.3 of said chapter 156D, as so appearing, is hereby amended by inserting after clause (ii) in subsection 1 the following paragraph:-

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