

6201

2015-2016 Regular Sessions

I N A S S E M B L Y

March 17, 2015

Introduced by M. of A. COLTON -- read once and referred to the Committee
on Election Law

AN ACT to amend the business corporation law, in relation to requiring
shareholders to approve corporate political expenditures

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEM-
BLY, DO ENACT AS FOLLOWS:

1 Section 1. The business corporation law is amended by adding a new
2 section 631 to read as follows:
3 S 631. SHAREHOLDER APPROVAL OF POLITICAL EXPENDITURES.
4 (A) "POLITICAL EXPENDITURE" SHALL MEAN A CONTRIBUTION, GIFT, TRANSFER,
5 DISBURSEMENT, OR PROMISE OF MONEY OR A THING OF VALUE TO PROMOTE OR
6 ASSIST IN THE PROMOTION OF THE SUCCESS OR DEFEAT OF A CANDIDATE, POLI-
7 TICAL PARTY, OR QUESTION IN ANY STATE OR FEDERAL ELECTION.
8 (B) A CORPORATION MAY NOT USE ANY MONEY OR OTHER PROPERTY OF THE
9 CORPORATION IN CONNECTION WITH A POLITICAL EXPENDITURE UNLESS THE SHARE-
10 HOLDERS OF THE CORPORATION, BY THE AFFIRMATIVE VOTE OF A MAJORITY OF ALL
11 VOTES ENTITLED TO BE CAST, HAVE:
12 (1) AUTHORIZED IN ADVANCE THE TOTAL AMOUNT OF MONEY OR PROPERTY THAT
13 MAY BE USED FOR ALL POLITICAL EXPENDITURES DURING A SPECIFIC FISCAL YEAR
14 OF THE CORPORATION; AND
15 (2) DIRECTED THAT THE MONEY OR PROPERTY CAN BE USED FOR:
16 A. A SPECIFIED CANDIDATE OR CANDIDATES;
17 B. CANDIDATES OF A SPECIFIED POLITICAL PARTY OR PARTIES;
18 C. A SPECIFIED POLITICAL PARTY OR PARTIES;
19 D. A SPECIFIED POLITICAL COMMITTEE OR COMMITTEES;
20 E. A SPECIFIED ENTITY OR ENTITIES EXEMPT FROM TAXATION UNDER SECTION
21 501(C)(4) OR (6) OF THE INTERNAL REVENUE CODE; OR
22 F. A SPECIFIED QUESTION OR QUESTIONS.
23 (C) SHAREHOLDER CONSIDERATION OF POLITICAL EXPENDITURES SHALL OCCUR AT
24 AN ANNUAL OR SPECIAL MEETING OF THE SHAREHOLDERS.

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 (D) WITHIN FORTY-EIGHT HOURS AFTER MAKING A POLITICAL EXPENDITURE, THE
2 CORPORATION SHALL:

3 (1) GIVE NOTICE OF THE POLITICAL EXPENDITURE BY ELECTRONIC TRANS-
4 MISSION TO EACH SHAREHOLDER THAT HAS REQUESTED NOTICE; AND

5 (2) IF THE CORPORATION MAINTAINS A WEBSITE, POST NOTICE OF THE POLI-
6 TICAL EXPENDITURE ON THE WEBSITE.

7 (3) WHEN PROVIDING NOTICE PURSUANT TO SUBDIVISIONS ONE AND TWO OF THIS
8 PARAGRAPH, THE NOTICE SHALL STATE THE AMOUNT, RECIPIENT, DATE, AND
9 PURPOSE OF THE POLITICAL EXPENDITURE.

10 (E) THE ANNUAL REPORT OF THE CORPORATION SHALL CONTAIN A LIST OF ALL
11 POLITICAL EXPENDITURES MADE BY THE CORPORATION DURING THE REPORTING
12 PERIOD, INCLUDING THE AMOUNT, RECIPIENT, DATE, AND PURPOSE OF EACH POLI-
13 TICAL EXPENDITURE.

14 (F) IF A SHAREHOLDER DISAGREES WITH A POLITICAL EXPENDITURE MADE UNDER
15 THIS SECTION, HE OR SHE MAY RECEIVE FROM THE CORPORATION UPON REQUEST A
16 PRO RATA REBATE IN AN AMOUNT OF THE PERCENTAGE OF THE POLITICAL EXPENDI-
17 TURE EQUAL TO THE PERCENTAGE OF OWNERSHIP THE SHAREHOLDER HAS IN THE
18 CORPORATION.

19 (G) IF A MAJORITY OF A CORPORATION'S SHARES ARE OWNED BY THOSE WHO
20 CANNOT TAKE POLITICAL POSITIONS, INCLUDING BUT NOT LIMITED TO STATE AND
21 LOCAL PENSION FUNDS, MUTUAL FUNDS, INSURANCE COMPANIES, FOUNDATIONS,
22 CHURCHES AND UNIVERSITIES, THEN THE CORPORATION SHALL NOT MAKE POLITICAL
23 EXPENDITURES.

24 S 2. This act shall take effect on the ninetieth day after it shall
25 have become a law.