STATE OF NEW YORK

1783

2023-2024 Regular Sessions

IN ASSEMBLY

January 20, 2023

Introduced by M. of A. COLTON, COOK -- 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 Assembly, do enact as follows:

Section 1. The business corporation law is amended by adding a new section 631 to read as follows:

§ 631. Shareholder approval of political expenditures.

(a) "Political expenditure" shall mean a 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 question in any state or federal election.

(b) A corporation may not use any money or other property of the corporation in connection with a political expenditure 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 political expenditures during a specific fiscal year of the corporation; and

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

A. A specified candidate or candidates;

B. Candidates of a specified political party or parties;

C. A specified political party or parties;

D. A specified political committee or committees;

E. A specified entity or entities exempt from taxation under section 501(c)(4) or (6) of the internal revenue code; or

F. A specified question or questions.

(c) Shareholder consideration of political expenditures shall occur at 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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(d) Within forty-eight hours after making a political expenditure, the corporation shall:

(1) Give notice of the political expenditure by electronic transmission to each shareholder that has requested notice; and

(2) If the corporation maintains a website, post notice of the political expenditure on the website.

(3) When providing notice pursuant to subparagraphs one and two of this paragraph, the notice shall state the amount, recipient, date, and purpose of the political expenditure.

(e) The annual report of the corporation shall contain a list of all political expenditures made by the corporation during the reporting period, including the amount, recipient, date, and purpose of each political expenditure.

(f) If a shareholder disagrees with a political expenditure made under this section, he or she may receive from the corporation upon request a pro rata rebate in an amount of the percentage of the political expenditure equal to the percentage of ownership the shareholder has in the corporation.

(g) If a majority of a corporation's shares are owned by those who cannot take political positions, including but not limited to state and local pension funds, mutual funds, insurance companies, foundations, churches and universities, then the corporation shall not make political expenditures.

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