STATE OF NEW YORK

8613

2025-2026 Regular Sessions

IN SENATE

December 12, 2025

Introduced by Sen. GONZALEZ -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the business corporation law, in relation to regulating an artificial person's contributions towards election and ballot-issue activity

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The opening paragraph of paragraph (a) of section 202 of the business corporation law is amended and a new paragraph (c) is added to read as follows:

Each corporation, subject to any limitations provided in this chapter **including those enumerated in paragraph (c) of this section** or any other statute of this state or its certificate of incorporation, shall have power in furtherance of its corporate purposes:

(c) Definitions. (1) The following definitions shall be applicable to the provisions of this section.

(A) "Artificial person" means every entity whose existence or limited liability shield is conferred by New York state law, including, without limitation:

(i) business corporations;

(ii) nonprofit corporations, whether public-benefit, mutual-benefit, or religious;

(iii) limited liability companies;

(iv) unincorporated associations, limited liability partnerships, statutory trusts, professional corporations, cooperatives, and any successor form; and

(v) foreign entities that are authorized to transact business, are otherwise transacting business, or hold property in the state of New York. Any foreign entity that directly or indirectly undertakes, finances, or directs election activity or ballot-issue activity in the

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

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state of New York shall be conclusively deemed to be transacting business in this state.

(B) "Election activity" means paying, contributing, or expending money or anything of value to support or oppose a candidate, political party, or political committee. "Election activity" does not include any bona fide news story, commentary, or editorial distributed through the facilities of any broadcasting station, or of any print, online, or digital newspaper, magazine, blog, or other periodical publication, unless such broadcasting, print, online, or digital facilities are owned or controlled by a political party, political committee, or candidate.

(C) "Ballot-issue activity" means paying, contributing, or expending money or anything of value to support or oppose a ballot question or initiative. "Ballot-issue activity" does not include any bona fide news story, commentary, or editorial distributed through the facilities of any broadcasting station, or of any print, online, or digital newspaper, magazine, blog, or other periodical publication, unless such broadcasting, print, online, or digital facilities are owned or controlled by a political party, political committee, or candidate.

(D) "Artificial person powers" means powers necessary or convenient to carry out lawful business or charitable purposes, excluding any power to directly or indirectly engage in election activity or ballot-issue activity.

(E) "Charter privilege" means any benefit to artificial persons that exists only because the state of New York confers it, such as, without limitation, limited liability, perpetual duration, succession in corporate name, and tax credits or abatements.

(F) "Foreign entity" means an artificial person organized or existing under the laws of any jurisdiction other than the state of New York.

(2) Revocation of previous power grants. (A) The creation and continued existence of an artificial person is not a right but a conditional grant of legal status by the state and remains subject to complete withdrawal at any time. All powers previously granted to any artificial person under New York state law are revoked in their entirety. No artificial person operating under the jurisdiction of this state shall possess any power unless specifically granted by this section. No provision of this section grants or recognizes any power of an artificial person to engage in election activity or ballot-issue activity, except as provided in clause (C) of subparagraph three of this paragraph.

(B) Nothing in clause (A) of this subparagraph shall be construed to invalidate, impair, or modify any existing contract, debt instrument, security, or other legal obligation validly entered into before the effective date of this paragraph; provided, however, that nothing herein authorizes any election activity or ballot-issue activity after such effective date.

(3) Selective re-grant of powers. (A) Each artificial person possesses the powers described in clause (D) of subparagraph one of this paragraph, unless its organizational documents limit the exercise of such powers, and no powers beyond those expressly granted. No provision of this section grants or recognizes any power of an artificial person to engage in election activity or ballot-issue activity, except as provided in clause (C) of this subparagraph.

(B) Any language in articles of incorporation, organization, association, or other organizational documents purporting to directly or indirectly confer election activity or ballot-issue activity authority on an artificial person is void.

(C) Political committees registered under New York state or federal law are entities created for the purpose of engaging in election activity or ballot-issue activity. Such committees may be granted the power to engage in such activities, provided that they exist solely for such purpose and claim no charter privilege other than limited liability. Nothing in this section shall grant any other artificial person the power to engage in election activity or ballot-issue activity.

(D) No charter privilege shall be construed to authorize election activity or ballot-issue activity. An artificial person that exercises election-activity or ballot-issue activity authority, unless expressly permitted to do so under clause (C) of this subparagraph, thereby forfeits all charter privileges as a matter of law. Procedures allowing reinstatement upon full disgorgement, certification of compliance, and payment of civil penalties shall be established within one year of the effective date of this paragraph.

(4) Ultra vires actions. Any election activity or ballot-issue activity conducted by an artificial person is ultra vires and void. Such conduct results in the forfeiture of charter privileges as provided in clause (D) of subparagraph three of this paragraph and shall also be subject to civil action by a member, shareholder, or the attorney general for injunctive relief, disgorgement, and enforcement of the forfeiture. Procedures for such civil actions shall be established within one year of the effective date of this paragraph.

§ 2. Severability. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

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