

House Bill 409, House State Administration Committee
Testimony of Andrew I. Huff
Chief Legal Counsel, Governor's Office
February 13, 2015

Chairman, member of the House State Administration Committee:

My name is Andrew Huff, chief legal counsel in the Governor's Office. I stand in firm support of HB 409, sponsored by Representative Bennett.

HB 409 gives the Secretary of State discretion to dissolve domestic corporate entities, or revoke the certificate of authority of foreign corporations, that have been found by a court to have violated Montana's campaign finance laws. The Act requires that the court decision is one from which no appeal is possible, and that no settlement with the Commissioner of Political Practices is possible.

The goal of the bill is to prevent corporate entities that violate state campaign finance laws, and that have no intention of complying with state campaign finance laws, from continuing to operate in Montana. It targets the worst of the worst. Minor infractions of the rules or disputes that are settled by the Commissioner are not subject to the law.

As Representative Bennett has noted, the Secretary of State already has the discretion to dissolve corporate entities for a number of reasons, including failure to file an annual report or to maintain a registered agent. More serious reasons for dissolution include procuring a certificate of incorporation through fraud, or abusing the authority conferred upon the corporation by state law. The dissolution procedure followed here would be the same procedure followed in existing law: (1) notice of default to the corporate entity; (2) publication of general notice; (3) 90 days to rectify the problem; and (4) dissolution.

Upon dissolution, the corporation will forfeit any taxes, penalties or costs owing to the State of Montana, as well as their right to carry on business in the State. However, dissolved entities may apply for reinstatement if certain requirements are met, including under this law payment of all fines that have been imposed pursuant to Title 13.

Under HB 409, the worst campaign practices offenders can no longer continue to operate from election cycle to election cycle. I urge your support.

HB 409
Huff
3

1000000000

2/1/16

POA

1000000000

1000000000