

1 SENATE BILL NO. 370

2 INTRODUCED BY G. VUCKOVICH

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO CORPORATE POLITICAL
5 CONTRIBUTIONS AND EXPENDITURES; REQUIRING CORPORATE SHAREHOLDERS OR MEMBERS TO
6 AUTHORIZE BY A MAJORITY VOTE THE CORPORATION'S DIRECTORS OR OFFICERS TO MAKE
7 POLITICAL CONTRIBUTIONS OR EXPENDITURES; PROVIDING A DEFINITION OF "INDEPENDENT
8 EXPENDITURE"; REQUIRING A CORPORATION THAT MAKES A POLITICAL CONTRIBUTION OR
9 EXPENDITURE TO POST CERTAIN INFORMATION ON ITS WEBSITE; REQUIRING CERTAIN
10 CORPORATIONS' BYLAWS OR ARTICLES OF INCORPORATION TO INCLUDE PROVISIONS TO ALLOW
11 SHAREHOLDERS OR MEMBERS TO VOTE TO AUTHORIZE THE CORPORATION'S DIRECTORS OR
12 OFFICERS TO MAKE POLITICAL CONTRIBUTIONS AND EXPENDITURES; REQUIRING BUSINESS
13 CORPORATIONS TO PROVIDE ON REQUEST A PRO RATA REBATE OF A SHAREHOLDER'S INVESTMENT
14 THAT WAS USED AS A POLITICAL CONTRIBUTION OR EXPENDITURE; AND AMENDING SECTIONS
15 35-1-236, 35-2-217, 35-4-208, AND 35-9-303, MCA."

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17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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19 **NEW SECTION. Section 1. When corporate shareholder or member authorization required --**
20 **disclosure -- definitions.** (1) (a) A corporation may not make contributions, expenditures, or independent
21 expenditures unless the shareholders or members of the corporation authorize by a majority vote its directors or
22 officers to make the contributions, expenditures, or independent expenditures. The vote must include an
23 expression of the partisan political preferences of the shareholders or members.

24 (b) If a majority of the shareholders or members of a corporation are unable by law, contract, corporate
25 bylaws, or any other reason to participate in a vote regarding a contribution, expenditure, or independent
26 expenditure that the corporation proposes to make, the corporation may not make the contribution, expenditure,
27 or independent expenditure.

28 (2) (a) In addition to other disclosures required by this chapter, if a corporation has a website and if the
29 corporation makes a contribution, expenditure, or independent expenditure for a state or local campaign or ballot
30 issue, the corporation shall post on its website a notice of the contribution, expenditure, or independent

1 expenditure.

2 (b) The notice must:

3 (i) be posted within 48 hours of the contribution, expenditure, or independent expenditure;

4 (ii) include the amount of the contribution, expenditure, or independent expenditure; and

5 (iii) include the name of the candidate or ballot issue that the corporation is supporting or opposing.

6 (3) For the purposes of this section, the following definitions apply:

7 (a) "Corporation" means a business corporation established pursuant to Title 35, chapter 1, a nonprofit
8 corporation established pursuant to Title 35, chapter 2, a Montana professional corporation established pursuant
9 to Title 35, chapter 4, or a Montana close corporation established pursuant to Title 35, chapter 9.

10 (b) "Independent expenditure" means an expenditure by a corporation expressly advocating the success
11 or defeat of a clearly identified candidate or ballot issue if the expenditure is not made in coordination with, or at
12 the request of, a candidate, a candidate's committee, an agent of the candidate, or a ballot issue committee.

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14 **Section 2.** Section 35-1-236, MCA, is amended to read:

15 **"35-1-236. Bylaws.** (1) The incorporators or board of directors of a corporation shall adopt initial bylaws
16 for the corporation.

17 (2) The bylaws of a corporation may contain any provision for managing the business and regulating the
18 affairs of the corporation that is consistent with law or the articles of incorporation.

19 (3) The bylaws of a corporation must include provisions for the shareholders of the corporation to
20 authorize by a majority vote the directors or officers of the corporation to make contributions, expenditures, and
21 independent expenditures, as those terms are defined in Title 13."

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23 NEW SECTION. **Section 3. Pro rata rebate for shareholders.** A corporation shall grant a pro rata
24 rebate to each shareholder who requests a rebate of the portion of the shareholder's investments that was spent
25 by the corporation on political contributions, expenditures, or independent expenditures, as those terms are
26 defined in Title 13.

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28 **Section 4.** Section 35-2-217, MCA, is amended to read:

29 **"35-2-217. Bylaws.** (1) The incorporators or board of directors of a corporation shall adopt bylaws for
30 the corporation.

1 (2) The bylaws may contain any provision for regulating and managing the affairs of the corporation
2 consistent with law or the articles of incorporation.

3 (3) If the corporation has members, the bylaws of the corporation must include provisions for the
4 members of the corporation to authorize by a majority vote the directors or officers of the corporation to make
5 contributions, expenditures, and independent expenditures, as those terms are defined in Title 13."

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7 **Section 5.** Section 35-4-208, MCA, is amended to read:

8 **"35-4-208. Filing of articles with licensing authority.** (1) ~~No~~ A professional corporation, domestic or
9 foreign, may not begin to render professional services in this state until it has filed a copy of its articles of
10 incorporation with each licensing authority having jurisdiction of a type of professional service described in its
11 articles of incorporation.

12 (2) The articles of incorporation must include provisions for the shareholders of the corporation to
13 authorize by a majority vote the directors or officers of the corporation to make contributions, expenditures, and
14 independent expenditures, as those terms are defined in Title 13.

15 (3) Nothing in this chapter restricts or limits the authority or duty of a licensing authority with respect to
16 natural persons rendering a professional service within the jurisdiction of the licensing authority or any law or rule
17 pertaining to standards of professional conduct."

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19 **Section 6.** Section 35-9-303, MCA, is amended to read:

20 **"35-9-303. Bylaws.** (1) A statutory close corporation need not adopt bylaws if provisions required by law
21 to be contained in bylaws are contained in either the articles of incorporation or a shareholder agreement
22 authorized by 35-9-301.

23 (2) If a corporation does not have bylaws when its statutory close corporation status terminates under
24 35-9-402, the corporation shall immediately adopt bylaws under 35-1-236.

25 (3) A statutory close corporation shall include in its bylaws, articles of incorporation, or shareholder
26 agreement a provision for assessing the will of the majority of the shareholders of the corporation regarding
27 contributions, expenditures, and independent expenditures, as those terms are defined in Title 13."

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29 **NEW SECTION. Section 7. Codification instruction.** (1) [Section 1] is intended to be codified as an
30 integral part of Title 13, chapter 37, part 2, and the provisions of Title 13, chapter 37, part 2, apply to [section 1].

