

HOUSE RESEARCH

Bill Summary

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Authors: Simon

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Analyst: Matt Gehring, 651-296-5052

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Overview

This bill establishes a structure for shareholder consent, and shareholder and public notification, for certain political contribution and expenditure activity by corporations.

Section

- 1 Corporate political activity reports.** Requires the Campaign Finance and Public Disclosure Board to maintain copies of shareholder notification reports on its website. The Board is also required to annually audit the extent of compliance with the reporting requirement, and submit a report to the legislature by June 30 of each year.

The substance of the reporting requirement is contained in section 3 of the bill.

- 2 Shareholder consent.** Prohibits a corporation from engaging in political contribution or expenditure activity that exceeds \$10,000 in a calendar year, unless the corporation's shareholders have approved the activity by majority vote.

The vote must be conducted according to the corporation's rules and bylaws, and may authorize a specific contribution or expenditure, or may authorize the total budget for the corporation's activity within a calendar year. The date and result of a required vote must be included in a public notification report filed with the Campaign Finance and Public Disclosure Board.

A definition of "shareholders" is provided.

A corporation that violates this section would be subject to existing penalties contained in the

Section

Fair Campaign Practices Act.

- 3 Corporate political activity; notification to shareholders and public report required.**
Requires corporations to notify shareholders of any direct or indirect political contribution or expenditure activity, on a quarterly basis. Notification is required regardless of the dollar amount, and includes use of the corporate treasury, funds from a separate segregated account, or any other entity or account established and controlled by the corporation.

The content of the notification report is provided in subdivision 2, paragraph (b), and includes the date and amount of the contribution and expenditure activity, and detail about the candidates, ballot questions, or policy issues to which the activity was directed and the corporation's position on those candidates, questions, or issues. The report must also list the date and result of any required shareholder consent votes, and the names of any corporate officers advocating for or approving the corporation's involvement in support of or opposition to a candidate, ballot question, or policy issue.

Subdivision 3 requires a copy of the shareholder notification report to be submitted to the Campaign Finance and Public Disclosure Board., subject to penalties that may be assessed by the Board under chapter 10A.

As provided in subdivision 4, a corporation that violates this section would be subject to existing penalties contained in the Fair Campaign Practices Act.

This section is effective June 1, 2014, and applies to contributions and expenditures made on or after that date.