

House Bill 3332

Sponsored by Representatives GOMBERG, LININGER; Representatives BARNHART, BOONE, BUCKLEY, DOHERTY, EVANS, FREDERICK, GALLEGOS, GORSEK, HELM, HOLVEY, KENY-GUYER, KOMP, LIVELY, NATHANSON, NOSSE, SMITH WARNER

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires business entity that intends to make political expenditure to first obtain approval from shareholders or members by affirmative vote of majority of members or shares entitled to vote.
Becomes operative January 1, 2016.
Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to political expenditures by business entities; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2015 Act is added to and made a part of ORS chapter 60.**

5 **SECTION 2. (1) As used in this section, "political expenditure" means a contribution, gift,**
6 **transfer, disbursement or promise or pledge of a corporation's money, property, services or**
7 **any other item of value belonging to the corporation for the purpose of promoting or as-**
8 **sisting in promoting a candidacy in an election for public office, a political party, a referen-**
9 **dum or initiative measure or an individual, group, organization or other entity that promotes**
10 **or assists in promoting a candidacy in an election for public office, a political party or a**
11 **referendum or initiative measure.**

12 **(2) A corporation may not make a political expenditure unless the corporation's share-**
13 **holders have voted the majority of the shares of the corporation, by an affirmative vote of**
14 **all of the votes entitled to be cast, to:**

15 **(a) Authorize in advance a budget, which must include a cap, for political expenditures**
16 **for the next fiscal year; and**

17 **(b) Direct the corporation's political expenditures:**

18 **(A) For or against a specific candidate in an election for public office;**

19 **(B) Toward or for the benefit of a specific political party;**

20 **(C) For or against a referendum or initiative measure; or**

21 **(D) Toward or for the benefit of an individual, group, organization or other entity, in-**
22 **cluding a subsidiary or affiliate of the corporation, that is exempt from taxation under sec-**
23 **tion 501(c)(4) or (6) of the Internal Revenue Code or that promotes or assists in promoting**
24 **a candidate in an election for public office, a political party or a referendum or initiative**
25 **measure.**

26 **(3)(a) Within 48 hours after making a political expenditure, a corporation shall:**

27 **(A) Notify each shareholder that has requested notice of the corporation's action; and**

28 **(B) Post a notice of the corporation's action on the corporation's website.**

29 **(b) The notice described in paragraph (a) of this subsection must state the amount of the**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 political expenditure, the recipient of the political expenditure and the purpose of the political
2 expenditure.

3 (4)(a) A political expenditure that occurs without compliance with this section is a cor-
4 porate action that is subject to challenge as provided in ORS 60.084.

5 (b) A director or officer who makes a political expenditure without first complying with
6 this section is personally liable to the corporation for the amount of the political expenditure,
7 plus interest at an annual rate of six percent until the director or officer repays the corpo-
8 ration.

9 (5) A foreign corporation shall comply with the requirements of this section with respect
10 to a political expenditure the foreign corporation makes within this state. For the purposes
11 of this subsection, a foreign corporation makes a political expenditure within this state if the
12 foreign corporation:

13 (a) Transfers money, property or an item or value into this state or performs services
14 in this state for the purposes set forth in subsection (2) of this section;

15 (b) Draws money for a political expenditure from a financial institution located within
16 this state; or

17 (c) Directs the political expenditure, for the purposes set forth in subsection (2) of this
18 section, toward or for the benefit of an individual, group, organization or other entity that
19 resides in or is located in this state.

20 **SECTION 3.** Section 4 of this 2015 Act is added to and made a part of ORS chapter 62.

21 **SECTION 4.** (1) As used in this section, “political expenditure” means a contribution, gift,
22 transfer, disbursement or promise or pledge of a cooperative’s money, property, services or
23 any other item of value belonging to the cooperative for the purpose of promoting or as-
24 sisting in promoting a candidacy in an election for public office, a political party, a referen-
25 dum or initiative measure or an individual, group, organization or other entity that promotes
26 or assists in promoting a candidacy in an election for public office, a political party or a
27 referendum or initiative measure.

28 (2) A cooperative may not make a political expenditure unless the cooperative’s share-
29 holders have voted the majority of the shares of capital stock of the cooperative or, if the
30 cooperative issues membership stock, the majority of the shares of membership stock of the
31 cooperative, by an affirmative vote of all of the votes entitled to be cast, to:

32 (a) Authorize in advance a budget, which must include a cap, for political expenditures
33 for the next fiscal year; and

34 (b) Direct the cooperative’s political expenditures:

35 (A) For or against a specific candidate in an election for public office;

36 (B) Toward or for the benefit of a specific political party;

37 (C) For or against a referendum or initiative measure; or

38 (D) Toward or for the benefit of an individual, group, organization or other entity, in-
39 cluding an entity that is owned by or affiliated with the cooperative, that is exempt from
40 taxation under section 501(c)(4) or (6) of the Internal Revenue Code or that promotes or as-
41 sists in promoting a candidate in an election for public office, a political party or a referen-
42 dum or initiative measure.

43 (3)(a) Within 48 hours after making a political expenditure, a cooperative shall:

44 (A) Notify each shareholder or member that has requested notice of the cooperative’s
45 action; and

1 (B) Post a notice of the cooperative's action on the cooperative's website.

2 (b) The notice described in paragraph (a) of this subsection must state the amount of the
3 political expenditure, the recipient of the political expenditure and the purpose of the political
4 expenditure.

5 (4)(a) A political expenditure that occurs without compliance with this section is an
6 action of the cooperative that is subject to challenge as provided in ORS 62.165.

7 (b) A director or officer of the cooperative who makes a political expenditure without
8 first complying with this section is personally liable to the cooperative for the amount of the
9 political expenditure, plus interest at an annual rate of six percent until the director or of-
10 ficer repays the cooperative.

11 (5) A foreign cooperative shall comply with the requirements of this section with respect
12 to a political expenditure the foreign cooperative makes within this state. For the purposes
13 of this subsection, a foreign cooperative makes a political expenditure within this state if the
14 foreign cooperative:

15 (a) Transfers money, property or an item or value into this state or performs services
16 in this state for the purposes set forth in subsection (2) of this section;

17 (b) Draws money for a political expenditure from a financial institution located within
18 this state; or

19 (c) Directs the political expenditure, for the purposes set forth in subsection (2) of this
20 section, toward or for the benefit of an individual, group, organization or other entity that
21 resides in or is located in this state.

22 SECTION 5. Section 6 of this 2015 Act is added to and made a part of ORS chapter 63.

23 SECTION 6. (1) As used in this section, "political expenditure" means a contribution, gift,
24 transfer, disbursement or promise or pledge of a limited liability company's money, property,
25 services or any other item of value belonging to the limited liability company for the purpose
26 of promoting or assisting in promoting a candidacy in an election for public office, a political
27 party, a referendum or initiative measure or an individual, group, organization or other en-
28 tity that promotes or assists in promoting a candidacy in an election for public office, a
29 political party or a referendum or initiative measure.

30 (2) A limited liability company may not make a political expenditure unless a majority
31 of the limited liability company's members have voted, by an affirmative vote of all of the
32 votes entitled to be cast, to:

33 (a) Authorize in advance a budget, which must include a cap, for political expenditures
34 for the next fiscal year; and

35 (b) Direct the limited liability company's political expenditures:

36 (A) For or against a specific candidate in an election for public office;

37 (B) Toward or for the benefit of a specific political party;

38 (C) For or against a referendum or initiative measure; or

39 (D) Toward or for the benefit of an individual, group, organization or other entity, in-
40 cluding a subsidiary or affiliate of the limited liability company, that is exempt from taxation
41 under section 501(c)(4) or (6) of the Internal Revenue Code or that promotes or assists in
42 promoting a candidate in an election for public office, a political party or a referendum or
43 initiative measure.

44 (3)(a) Within 48 hours after making a political expenditure, a limited liability company
45 shall:

1 (A) Notify each member that has requested notice of the limited liability company's
2 action; and

3 (B) Post a notice of the limited liability company's action on the limited liability
4 company's website.

5 (b) The notice described in paragraph (a) of this subsection must state the amount of the
6 political expenditure, the recipient of the political expenditure and the purpose of the political
7 expenditure.

8 (4)(a) A political expenditure that occurs without compliance with this section is an
9 action of the limited liability company that is subject to challenge as provided in ORS 63.801.

10 (b) Notwithstanding ORS 63.160 and 63.165, a member or manager that makes a political
11 expenditure without first complying with this section is personally liable to the limited li-
12 ability company for the amount of the political expenditure, plus interest at an annual rate
13 of six percent until the member or manager repays the limited liability company.

14 (5) A foreign limited liability company shall comply with the requirements of this section
15 with respect to a political expenditure the foreign limited liability company makes within this
16 state. For the purposes of this subsection, a foreign limited liability company makes a poli-
17 tical expenditure within this state if the foreign limited liability company:

18 (a) Transfers money, property or an item or value into this state or performs services
19 in this state for the purposes set forth in subsection (2) of this section;

20 (b) Draws money for a political expenditure from a financial institution located within
21 this state; or

22 (c) Directs the political expenditure, for the purposes set forth in subsection (2) of this
23 section, toward or for the benefit of an individual, group, organization or other entity that
24 resides in or is located in this state.

25 **SECTION 7.** Section 8 of this 2015 Act is added to and made a part of ORS chapter 65.

26 **SECTION 8.** (1) As used in this section, "political expenditure" means a contribution, gift,
27 transfer, disbursement or promise or pledge of a corporation's money, property, services or
28 any other item of value belonging to the corporation for the purpose of promoting or as-
29 sisting in promoting a candidacy in an election for public office, a political party, a referen-
30 dum or initiative measure or an individual, group, organization or other entity that promotes
31 or assists in promoting a candidacy in an election for public office, a political party or a
32 referendum or initiative measure.

33 (2) A corporation may not make a political expenditure unless a majority of the
34 corporation's members have voted, by an affirmative vote of all of the votes entitled to be
35 cast, to:

36 (a) Authorize in advance a budget, which must include a cap, for political expenditures
37 for the next fiscal year; and

38 (b) Direct the corporation's political expenditures:

39 (A) For or against a specific candidate in an election for public office;

40 (B) Toward or for the benefit of a specific political party;

41 (C) For or against a referendum or initiative measure; or

42 (D) Toward or for the benefit of an individual, group, organization or other entity, in-
43 cluding a subsidiary or affiliate of the corporation, that is exempt from taxation under sec-
44 tion 501(c)(4) or (6) of the Internal Revenue Code or that promotes or assists in promoting
45 a candidate in an election for public office, a political party or a referendum or initiative

1 **measure.**

2 **(3)(a) Within 48 hours after making a political expenditure, a corporation shall:**

3 **(A) Notify each member that has requested notice of the corporation's action; and**

4 **(B) Post a notice of the corporation's action on the corporation's website.**

5 **(b) The notice described in paragraph (a) of this subsection must state the amount of the**
6 **political expenditure, the recipient of the political expenditure and the purpose of the political**
7 **expenditure.**

8 **(4)(a) A political expenditure that occurs without compliance with this section is a cor-**
9 **porate action that is subject to challenge as provided in ORS 65.084.**

10 **(b) A director or officer who makes a political expenditure without first complying with**
11 **this section is personally liable to the corporation for the amount of the political expenditure,**
12 **plus interest at an annual rate of six percent until the director or officer repays the corpo-**
13 **ration.**

14 **(5) A foreign corporation shall comply with the requirements of this section with respect**
15 **to a political expenditure the foreign corporation makes within this state. For the purposes**
16 **of this subsection, a foreign corporation makes a political expenditure within this state if the**
17 **foreign corporation:**

18 **(a) Transfers money, property or an item or value into this state or performs services**
19 **in this state for the purposes set forth in subsection (2) of this section;**

20 **(b) Draws money for a political expenditure from a financial institution located within**
21 **this state; or**

22 **(c) Directs the political expenditure, for the purposes set forth in subsection (2) of this**
23 **section, toward or for the benefit of an individual, group, organization or other entity that**
24 **resides in or is located in this state.**

25 **SECTION 9. Sections 2, 4, 6 and 8 of this 2015 Act become operative on January 1, 2016.**

26 **SECTION 10. This 2015 Act being necessary for the immediate preservation of the public**
27 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
28 **on its passage.**

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