

**Overview of Potential SGO Amendment to S.47, Draft 1.1**

Sec. 1a: Adds to the PAC definition to recognize entities that register as a PAC prior to reaching the current \$1,000 contribution or expenditure threshold.

This language is meant to allow a non-human entity to register as a PAC to allow it to make a contribution to a candidate or party.

Sec. 1b, 17 V.S.A. § 2922(a)(1)(A):

Related to Sec. 1a, this language is meant to explicitly allow a PAC to register with the Sec. of State prior to reaching the \$1,000 threshold.

Sec. 1b, 17 V.S.A. § 2922(a)(1)(B) and (C):

When a PAC registers with the Sec. of State, it would need to include in its registration the full name of its “connected organization” or any clearly recognized abbreviation or acronym by which the connected organization is commonly known, *and the name of the PAC itself would be required to include the name of its connected organization or its abbreviation or acronym.*

(“Connected organization” is defined on pg. 4 of the amendment.)

The requirement for a PAC name and registration to include the name of the PAC’s connected organization is similar to federal law, which by [52 U.S.C. § 30102\(e\)\(5\)](#) and [11 C.F.R. § 102.14\(c\)](#) requires separate segregated fund PACs (established by corporations and labor organizations) to include the name of a connected organization or its commonly known abbreviation or acronym in the PAC name and registration.

Sec. 1b, 17 V.S.A. § 2922(d):

Prohibits a connected organization from registering more than one PAC that makes contributions.

The inclusion of the phrase “that makes contributions” is designed to help avoid unconstitutional speech implications, so that this prohibition does not apply to an independent-expenditure only PAC.

This prohibition is similar to [CT's Sec. 9-613\(a\) and \(b\)](#), which prohibits business entities from making contributions to candidates and parties; allows business entities to establish a PAC that may make such contributions; but specifically under (a) provides: "No business entity shall establish more than one political committee." (CT's definition of "business entity" is set forth in [Sec. 9-601\(8\)](#).)

This prohibition is also similar to federal law which, under [11 C.F.R. § 100.5\(g\)\(2\)](#) provides that all subsidiaries of a corporation, labor organization, or other group of people are *affiliated*, and which under [11 C.F.R. § 110.3\(a\)](#) provides that, for the purposes of contribution limits, all contributions made by more than one affiliated committee shall be considered to have been made by a single PAC.

Sec. 1b, 17 V.S.A. § 2922(e):

Defines "connected organization." This is based on Vermont's PAC definition on pg. 1, as well as the federal law definition of the term set forth in [52 U.S.C. § 30101\(7\)](#) and [11 C.F.R. § 100.6](#).

A "connected organization" includes any organizational parent, subsidiary, branch, division, department, or local unit thereof (similar to federal law's "affiliated" entities).

Subdiv. (1) defines "finally supports" so that it relates to operating the PAC, but not contributions to the PAC. For ex., if Corporation A is not connected to Corporation B but made a contribution to Corporation B's PAC, Corporation A would not be prohibited from registering its own PAC.

Subdiv. (2) is meant to clarify that members of a connected organization – such as Corporation X, which is a member of Trade Association Y, if Trade Association Y registered a PAC – are not considered a part of the connected organization, so that Corporation X is not prohibited from registering its own PAC.