

H.793

Introduced by Representatives Satcowitz of Randolph, Priestley of Bradford,
White of Bethel, Bos-Lun of Westminster, Burrows of West
Windsor, Chapin of East Montpelier, Cole of Hartford, Graning
of Jericho, Headrick of Burlington, Holcombe of Norwich,
Hooper of Randolph, Hoyt of Hartford, Logan of Burlington,
McCann of Montpelier, McGill of Bridport, Mrowicki of
Putney, Nugent of South Burlington, Ode of Burlington, Olson
of Starksboro, Pouech of Hinesburg, Rachelson of Burlington,
Scheu of Middlebury, Sibilia of Dover, Tomlinson of Winooski,
and Torre of Moretown

Referred to Committee on

Date:

Subject: Corporations, partnerships, and associations; formation, bylaws, and
meetings; limited liability companies; Vermont business corporations;
nonprofit corporations; mutual benefit enterprises; elections; power to
engage in election activity or ballot-issue activity

Statement of purpose of bill as introduced: This bill proposes to amend Titles
11, 11A, 11B, and 11C to define “ballot-issue activity” and “election activity”
and remove any corporate power to pay, contribute, or expend money on those
defined activities.

1 An act relating to removing the power of Vermont corporations to spend
2 money on election activities

3 It is hereby enacted by the General Assembly of the State of Vermont:

4 Sec. 1. FINDINGS AND PURPOSE

5 (a) The General Assembly finds that artificial legal persons, including
6 corporations, limited liability companies, partnerships, cooperative
7 associations, and mutual benefit enterprises are created under the laws of this
8 State and possess only those powers that the State expressly grants.

9 (b) Under Chapter II, § 69 of the Vermont Constitution, the General
10 Assembly provides by general law for the organization of corporations and
11 retains the authority to alter or repeal such general laws from time to time.
12 Accordingly, the General Assembly retains full authority to revise, limit, or
13 withdraw the statutory powers conferred upon artificial legal persons as a
14 matter of general law, as the General Assembly determines.

15 (c) Broad statutory clauses in Vermont's entity laws, including
16 authorizations to do all things necessary or convenient to carry out an entity's
17 purposes, have at times been construed to include powers to engage in election
18 activity and ballot-issue activity. The General Assembly finds that such
19 political spending authority was never intended to be among the powers
20 granted to artificial legal persons under Vermont law.

1 (d) The purposes of this act are to:

2 (1) revoke any prior broad grants of powers to artificial legal persons
3 that may be construed to authorize election activity or ballot-issue activity;

4 (2) regrant only those powers necessary or convenient for lawful
5 business, charitable, cooperative, or organizational purposes, which powers do
6 not include, and shall not be construed to include, any authority to engage in
7 election activity or ballot-issue activity;

8 (3) establish uniform limitations across all entity forms while preserving
9 distinctions among them; and

10 (4) preserve and protect the constitutional rights of natural persons and
11 the lawful activities of political committees and political parties.

12 Sec. 2. 11 V.S.A. § 42 is amended to read:

13 § 42. SPECIFIC PURPOSES

14 Subject to the provisions of this title, one or more persons may form a
15 private corporation for the specific purposes and in the manner following:

16 (1) To operate a regional clearinghouse and a cooperative loan plan,
17 commonly called a central fund, or either, for those banks in the State ~~which~~
18 that become stockholders or members of the corporation. Such corporations
19 may be organized only with the consent of the Commissioner of Financial
20 Regulation, with or without capital stock.

(2) To operate a corporation for the rehabilitation of individuals and families by enabling them to secure subsistence and gainful employment from

1 the soil, from coordinate and affiliated industries and enterprises and
2 otherwise, and to receive and administer money for that purpose which may
3 become available from any source. Such corporations shall have all the
4 powers of corporations organized under this chapter and in addition thereto
5 may loan money and secure the payment thereof by mortgage, pledge, or lien,
6 insure or guarantee any indebtedness incurred by others, and become secured
7 for so doing by mortgage, pledge, or lien. Such corporations shall not be
8 organized for profit, and shall not be subject to taxation, nor shall any stock or
9 indebtedness of such corporations or any evidence thereof be taxable to any
10 holder thereof under any provision of law. The capital stock of such
11 corporations may be with or without par value and the amount thereof,
12 notwithstanding the provisions of this title, may be less than \$500.00 and in
13 case the stock has no par value then the number of shares of such stock may be
14 less than ~~ten~~ 10, representing less than \$500.00. The Governor may designate
15 any such corporation as ~~his or her~~ the Governor's agent or an agency of the
16 State to carry on rehabilitation activities within the State. Such corporations
17 shall not be subject to the provisions of 8 V.S.A. chapters 1, 3, 21, and 29 and
18 8 V.S.A. part 3 and 9 V.S.A. chapter 131, or to the provisions of section 131 of
19 this title.

1 (3) A corporation organized pursuant to this chapter possesses no power
2 to engage in election activity or ballot-issue activity, and any such activity is
3 ultra vires and void.

4 (4) As used in this section:

5 (A) “Ballot-issue activity” means paying, contributing, or expending
6 money or anything of value to support or oppose any initiative, referendum,
7 recall, constitutional amendment, charter amendment, or any other question
8 formally certified or submitted to the electors of the State or any of its political
9 subdivisions. “Ballot-issue activity” does not include any bona fide news
10 story, commentary, or editorial distributed through an independent news
11 organization not owned or controlled by a political party, political committee,
12 or candidate.

13 (B) “Election activity” means paying, contributing, or expending
14 money or anything of value to support or oppose a candidate, political party, or
15 political committee. “Election activity” does not include any bona fide news
16 story, commentary, or editorial distributed through an independent news
17 organization not owned or controlled by a political party, political committee,
18 or candidate.

1 Sec. 3. 11 V.S.A. § 108 is amended to read:

2 § 108. BANKS, TRUST AND MUTUAL INSURANCE COMPANIES

3 (a) A corporation organized under the provisions of 8 V.S.A. chapter 202
4 or 203, to conduct the business of a financial institution, and a mutual
5 insurance company organized under the provisions of 8 V.S.A. chapter 101,
6 may make such contributions for religious, charitable, scientific, literary, or
7 educational purposes as are authorized by its directors or trustees to an amount
8 not to exceed five percent of its net income for the previous calendar year
9 computed in the manner specified by the Internal Revenue Code in effect
10 during the year applicable for corporations. Contributions in excess of the five
11 percent of the net income may be made by a vote of its stockholders,
12 depositors, or members.

13 (b) A corporation organized under the provisions of 8 V.S.A. chapter 202
14 or 203, to conduct the business of a financial institution, and a mutual
15 insurance company organized under the provisions of 8 V.S.A. chapter 101,
16 possesses no power to engage in election activity or ballot-issue activity, and
17 any such activity is ultra vires and void.

18 (c) As used in this section:

19 (1) “Ballot-issue activity” means paying, contributing, or expending
20 money or anything of value to support or oppose any initiative, referendum,
21 recall, constitutional amendment, charter amendment, or any other question

1 formally certified or submitted to the electors of the State or any of its political
2 subdivisions. “Ballot-issue activity” does not include any bona fide news
3 story, commentary, or editorial distributed through an independent news
4 organization not owned or controlled by a political party, political committee,
5 or candidate.

6 (2) “Election activity” means paying, contributing, or expending money
7 or anything of value to support or oppose a candidate, political party, or
8 political committee. “Election activity” does not include any bona fide news
9 story, commentary, or editorial distributed through an independent news
10 organization not owned or controlled by a political party, political committee,
11 or candidate.

12 Sec. 4. 11 V.S.A. § 994 is amended to read:

13 § 994. POWERS

14 (a) Each association incorporated under this subchapter shall have the
15 following powers:

16 * * *

17 (10) To do everything necessary, suitable, or proper for the
18 accomplishment of any of the purposes or the attainment of any of the objects
19 herein enumerated, or conducive to or expedient for the interest or benefit of
20 the association, and to contract accordingly; to exercise and possess all powers,
21 rights, and privileges necessary or incidental to the purposes for which the

1 association is organized or to the activities in which it is engaged, and, in
2 addition, any other rights, powers, and privileges granted by the laws of this
3 State to corporations organized under the general laws of this State, except
4 such as are inconsistent with the express provisions of this subchapter and to
5 the extent consistent with the artificial-person powers defined in subsection (e)
6 of this section; and to do any such thing anywhere.

7 (b) A cooperative association organized pursuant to this chapter has
8 artificial-person powers and only the powers expressly granted elsewhere in
9 this chapter.

10 (c) The creation and continued existence of a cooperative association
11 organized pursuant to this chapter is a conditional grant of legal status by the
12 State and remains subject to revocation or alteration at any time.

13 (d) Any action of a cooperative association constituting election activity or
14 ballot-issue activity is void and ultra vires.

15 (e) As used in this section:

16 (1) “Artificial-person powers” means the powers necessary or
17 convenient to lawful cooperative association purposes, excluding any authority
18 to engage in election activity or ballot-issue activity.

19 (2) “Ballot-issue activity” means paying, contributing, or expending
20 money or anything of value to support or oppose any initiative, referendum,
21 recall, constitutional amendment, charter amendment, or any other question

1 formally certified or submitted to the electors of the State or any of its political
2 subdivisions. “Ballot-issue activity” does not include any bona fide news
3 story, commentary, or editorial distributed through an independent news
4 organization not owned or controlled by a political party, political committee,
5 or candidate.

6 (3) “Election activity” means paying, contributing, or expending money
7 or anything of value to support or oppose a candidate, political party, or
8 political committee. “Election activity” does not include any bona fide news
9 story, commentary, or editorial distributed through an independent news
10 organization not owned or controlled by a political party, political committee,
11 or candidate.

12 Sec. 5. 11 V.S.A. chapter 8 is amended to read:

13 CHAPTER 8. WORKER COOPERATIVE CORPORATIONS

14 * * *

15 § 1093. POWERS

16 (a) The creation and continued existence of a worker cooperative
17 corporation governed by this chapter is a conditional grant of legal status by
18 the State and remains subject to revocation or alteration at any time.

19 (b) A worker cooperative corporation governed by this chapter has only
20 artificial-person powers and the powers otherwise applicable pursuant to Title
21 11A and expressly modified or supplemented by this chapter.

1 (c) A worker cooperative corporation governed by this chapter possesses
2 no power to engage in election activity or ballot-issue activity, and any such
3 activity is ultra vires and void.

4 (d) As used in this section:

5 (1) “Artificial-person powers” means the powers necessary or
6 convenient to lawful worker cooperative corporation purposes, excluding any
7 authority to engage in election activity or ballot-issue activity.

8 (2) “Ballot-issue activity” means paying, contributing, or expending
9 money or anything of value to support or oppose any initiative, referendum,
10 recall, constitutional amendment, charter amendment, or any other question
11 formally certified or submitted to the electors of the State or any of its political
12 subdivisions. “Ballot-issue activity” does not include any bona fide news
13 story, commentary, or editorial distributed through an independent news
14 organization not owned or controlled by a political party, political committee,
15 or candidate.

16 (3) “Election activity” means paying, contributing, or expending money
17 or anything of value to support or oppose a candidate, political party, or
18 political committee. “Election activity” does not include any bona fide news
19 story, commentary, or editorial distributed through an independent news
20 organization not owned or controlled by a political party, political committee,
21 or candidate.

§ 4011. NATURE OF BUSINESS AND POWERS; ~~GOVERNING LAW~~

(c)(1) ~~A limited liability company shall possess and may exercise all the powers and privileges granted by this chapter, any other law, its articles of organization, or its operating agreement, together with any powers incidental thereto, so far as the powers and privileges are necessary or convenient to the conduct, promotion, or attainment of the business purposes or activities of the limited liability company, including power to sue and to be sued, complain and defend in its company name, and the power to do all things necessary or convenient to carry on its activities~~ The creation and continued existence of a limited liability company governed by this chapter is a conditional grant of legal status by the State and remains subject to revocation or alteration at any time.

(2) A limited liability company has only artificial-person powers and the powers expressly granted elsewhere in this chapter.

(3) A limited liability company governed by this chapter possesses no power to engage in election activity or ballot-issue activity, and any such activity is ultra vires and void.

(4) A limited liability company that undertakes, finances, or directs election activity or ballot-issue activity without authority pursuant to this

1 chapter shall be required to remit payment to the Office of the State Treasurer
2 of an amount equal to the value expended in the activity.

3 (5) A foreign limited liability company that directly or indirectly
4 undertakes, finances, or directs election activity or ballot-issue activity in this
5 State, or with respect to any election or ballot measure submitted to the
6 electors of this State, is conclusively deemed to be transacting business in this
7 State for jurisdiction and enforcement purposes.

8 (6) Nothing in this section shall be construed to invalidate, impair, or
9 modify any contract, debt instrument, security, or other legal obligation
10 lawfully entered into by a limited liability company on or before December 31,
11 2026.

12 * * *

13 (h) As used in this section:

14 (1) “Artificial-person powers” means the powers necessary or
15 convenient to lawful limited liability company purposes, excluding any
16 authority to engage in election activity or ballot-issue activity.

17 (2) “Ballot-issue activity” means paying, contributing, or expending
18 money or anything of value to support or oppose any initiative, referendum,
19 recall, constitutional amendment, charter amendment, or any other question
20 formally certified or submitted to the electors of the State or any of its political
21 subdivisions. “Ballot-issue activity” does not include any bona fide news

1 story, commentary, or editorial distributed through an independent news
2 organization not owned or controlled by a political party, political committee,
3 or candidate.

4 (3) “Election activity” means paying, contributing, or expending money
5 or anything of value to support or oppose a candidate, political party, or
6 political committee. “Election activity” does not include any bona fide news
7 story, commentary, or editorial distributed through an independent news
8 organization not owned or controlled by a political party, political committee,
9 or candidate.

10 Sec. 7. 11 V.S.A. § 3208 is added to read:

11 § 3208. POLITICAL ACTIVITY; LIMITATIONS

12 (a) A limited partnership organized under this chapter shall possess no
13 authority to engage in election activity or ballot-issue activity.

14 (b) Any election activity or ballot-issue activity undertaken, financed, or
15 directed by a limited partnership is ultra vires and void.

16 (c) A limited partnership that undertakes an ultra vires election activity or
17 ballot-issue activity shall be required to remit payment to the Office of the
18 State Treasurer of an amount equal to the value expended in the activity.

19 (d) The liability provisions set forth in subsection (b) of this section apply
20 to limited partnerships and to all general partners, limited partners, and other

1 persons of the limited partnership who authorize, direct, control, or knowingly
2 participate in such activity.

3 (e) This section applies only to limited partnerships and does not apply to
4 general partnerships or other associations in which all partners bear unlimited
5 personal liability for the obligations of the partnership.

6 (f) As used in this section:

7 (1) “Artificial-person powers” means the powers necessary or
8 convenient to limited partnership purposes, excluding any authority to engage
9 in election activity or ballot-issue activity.

10 (2) “Ballot-issue activity” means paying, contributing, or expending
11 money or anything of value to support or oppose any initiative, referendum,
12 recall, constitutional amendment, charter amendment, or any other question
13 formally certified or submitted to the electors of the State or any of its political
14 subdivisions. “Ballot-issue activity” does not include any bona fide news
15 story, commentary, or editorial distributed through an independent news
16 organization not owned or controlled by a political party, political committee,
17 or candidate.

18 (3) “Election activity” means paying, contributing, or expending money
19 or anything of value to support or oppose a candidate, political party, or
20 political committee. “Election activity” does not include any bona fide news
21 story, commentary, or editorial distributed through an independent news

1 organization not owned or controlled by a political party, political committee,
2 or candidate.

3 Sec. 8. 11 V.S.A. § 3408 is added to read:

4 § 3408. POLITICAL ACTIVITY; LIMITATIONS

5 (a) A limited liability partnership organized under this chapter shall possess
6 no authority to engage in election activity or ballot-issue activity.

7 (b) Any election activity or ballot-issue activity undertaken, financed, or
8 directed by a limited liability partnership is ultra vires and void.

9 (c) A limited liability partnership that undertakes an ultra vires election
10 activity or ballot-issue activity shall be required to remit payment to the Office
11 of the State Treasurer of an amount equal to the value expended in the activity.

12 (d) The liability provisions set forth in subsection (b) of this section apply
13 to limited liability partnerships and to all partners and other persons who
14 authorize, direct, control, or knowingly participate in such activity.

15 (e) This section applies only to limited liability partnerships and does not
16 apply to general partnerships or other associations in which all partners bear
17 unlimited personal liability for the obligations of the partnership.

18 (f) As used in this section:

19 (1) “Artificial-person powers” means the powers necessary or
20 convenient to limited liability partnership purposes, excluding any authority to
21 engage in election activity or ballot-issue activity.

1 (2) “Ballot-issue activity” means paying, contributing, or expending
2 money or anything of value to support or oppose any initiative, referendum,
3 recall, constitutional amendment, charter amendment, or any other question
4 formally certified or submitted to the electors of the State or any of its political
5 subdivisions. “Ballot-issue activity” does not include any bona fide news
6 story, commentary, or editorial distributed through an independent news
7 organization not owned or controlled by a political party, political committee,
8 or candidate.

9 (3) “Election activity” means paying, contributing, or expending money
10 or anything of value to support or oppose a candidate, political party, or
11 political committee. “Election activity” does not include any bona fide news
12 story, commentary, or editorial distributed through an independent news
13 organization not owned or controlled by a political party, political committee,
14 or candidate.

15 Sec. 9. 11A V.S.A. § 3.02 is amended to read:

16 § 3.02. GENERAL POWERS

17 (a) All powers, privileges, and capacities granted or implied under the laws
18 of this State to a corporation organized under this title on or before December
19 31, 2026, are hereby revoked in their entirety.

20 ~~(b) Unless its articles of incorporation provide otherwise, every~~ Every
21 ~~corporation has perpetual duration and succession in its corporate name and~~

1 ~~has the same powers as an individual to do all things necessary and convenient~~
2 ~~to carry out its business and affairs~~ organized under this title is granted
3 artificial-person powers along with any enumerated power that is consistent
4 with such artificial-person powers, including ~~without limitation~~ the power:

5 * * *

6 (c)(1) The creation and continued existence of a corporation organized
7 under this title is a conditional grant of legal status by the State and remains
8 subject to revocation or alteration at any time.

9 (2) Any act of a corporation organized under this title constituting
10 election activity or ballot-issue activity is ultra vires and void and results in
11 forfeiture of all charter privileges. The Secretary of State shall only reinstate
12 the corporation's charter upon the corporation's payment to the Office of the
13 State Treasurer of the amount equal to the unlawful expenditures along with a
14 certification of compliance.

15 (3) A foreign corporation that directly or indirectly undertakes, finances,
16 or directs election activity or ballot-issue activity in this State, or with respect
17 to any election or ballot measure submitted to the electors of this State, is
18 conclusively deemed to be transacting business in this State for jurisdiction and
19 enforcement purposes

20 (4) Nothing in this section shall be construed to invalidate, impair, or
21 modify any contract, debt instrument, security, or other legal obligation

1 lawfully entered into by a corporation organized pursuant to this title on or
2 before December 31, 2026.

3 (d) As used in this section:

4 (1) “Artificial-person powers” means the powers necessary or
5 convenient to carry out the lawful purposes of a corporation, excluding any
6 authority of the corporation to engage in election activity or ballot-issue
7 activity.

8 (2) “Ballot-issue activity” means paying, contributing, or expending
9 money or anything of value to support or oppose any initiative, referendum,
10 recall, constitutional amendment, charter amendment, or any other question
11 formally certified or submitted to the electors of the State or any of its political
12 subdivisions. “Ballot-issue activity” does not include any bona fide news
13 story, commentary, or editorial distributed through an independent news
14 organization not owned or controlled by a political party, political committee,
15 or candidate.

16 (3) “Election activity” means paying, contributing, or expending money
17 or anything of value to support or oppose a candidate, political party, or
18 political committee. “Election activity” does not include any bona fide news
19 story, commentary, or editorial distributed through an independent news
20 organization not owned or controlled by a political party, political committee,
21 or candidate.

1 Sec. 10. 11B V.S.A. chapter 3 is amended to read:

2 CHAPTER 3. PURPOSES AND POWERS

3 § 3.01. PURPOSES

4 (a) A corporation may be organized under this chapter for any lawful
5 purpose or purposes consistent with the artificial-person powers granted
6 pursuant to section 3.02 of this chapter, including, without being limited to,
7 any one or more of the following purposes: charitable; benevolent;
8 eleemosynary; educational; civic; patriotic; political; religious; social;
9 fraternal; sororal; literary; cultural; athletic; scientific; agricultural;
10 horticultural; animal husbandry; and professional, commercial, industrial, or
11 trade association. Under no circumstances shall election activity or ballot-
12 issue activity be deemed a lawful purpose of a corporation organized under this
13 chapter.

14 * * *

15 § 3.02. GENERAL POWERS

16 (a) All powers, privileges, and capacities granted or implied under the laws
17 of this State to a corporation organized under this title on or before December
18 31, 2026, are hereby revoked in their entirety.

19 ~~(b) Unless its articles of incorporation provide otherwise, every~~ Every
20 corporation ~~has perpetual duration and succession in its corporate name and~~
21 ~~has the same powers as an individual to do all things necessary or convenient~~

1 ~~to carry out its affairs~~ organized under this title is granted artificial-person
2 powers along with any enumerated power that is consistent with such artificial-
3 person powers, including, without limitation, the power:

4 * * *

5 (18) to do all things necessary or convenient, not inconsistent with law,
6 and within the scope of artificial-person powers, to further the activities and
7 affairs of the corporation.

8 (c)(1) A corporation organized under this title that operates primarily as a
9 political committee or political party may engage in election activity or ballot-
10 issue activity only to the extent permitted by law and shall claim no charter
11 privilege other than limited liability for its members, directors, and officers.

12 (2) The creation and continued existence of a corporation organized
13 under this title is a conditional grant of legal status by the State and remains
14 subject to revocation or alteration at any time.

15 (3) Any act of a corporation organized under this title constituting
16 election activity or ballot-issue activity is ultra vires and void and results in
17 forfeiture of all charter privileges. The Secretary of State shall only reinstate
18 the corporation's charter upon the corporation's payment to the Office of the
19 State Treasurer of the amount equal to the unlawful expenditures along with a
20 certification of compliance.

1 (4) A foreign corporation that directly or indirectly undertakes, finances,
2 or directs election activity or ballot-issue activity in this State, or with respect
3 to any election or ballot measure submitted to the electors of this State, is
4 conclusively deemed to be transacting business in this State for jurisdiction and
5 enforcement purposes.

6 (5) Nothing in this section shall be construed to invalidate, impair, or
7 modify any contract, debt instrument, security, or other legal obligation
8 lawfully entered into by a corporation organized pursuant to this title on or
9 before December 31, 2026.

10 (d) As used in this chapter:

11 (1) “Artificial-person powers” means the powers necessary or
12 convenient to carry out the lawful purposes of a corporation, excluding any
13 authority of the corporation to engage in election activity or ballot-issue
14 activity.

15 (2) “Ballot-issue activity” means paying, contributing, or expending
16 money or anything of value to support or oppose any initiative, referendum,
17 recall, constitutional amendment, charter amendment, or any other question
18 formally certified or submitted to the electors of the State or any of its political
19 subdivisions. “Ballot-issue activity” does not include any bona fide news
20 story, commentary, or editorial distributed through an independent news

1 organization not owned or controlled by a political party, political committee,
2 or candidate.

3 (3) “Election activity” means paying, contributing, or expending money
4 or anything of value to support or oppose a candidate, political party, or
5 political committee.

6 * * *

7 Sec. 11. 11C V.S.A. § 106 is amended to read:

8 § 106. POWERS

9 (a) All powers, privileges, and capacities granted or implied under the laws
10 of this State to a mutual benefit enterprise organized under this title on or
11 before December 31, 2026, are hereby revoked in their entirety.

12 (b) A mutual benefit enterprise may sue and be sued in its own name and
13 do all things necessary or convenient to carry on its activities is granted only
14 artificial-person powers. An enterprise may maintain an action against a
15 member for harm caused to the enterprise by the member’s violation of a duty
16 to the enterprise or of the organic laws or organic rules.

17 (c)(1) The creation and continued existence of an enterprise organized
18 under this title is a conditional grant of legal status by the State and remains
19 subject to revocation or alteration at any time.

20 (2) Any act of an enterprise organized under this title constituting
21 election activity or ballot-issue activity is ultra vires and void.

1 (3) Nothing in this section shall be construed to invalidate, impair, or
2 modify any contract, debt instrument, security, or other legal obligation
3 lawfully entered into by an enterprise organized pursuant to this title on or
4 before December 31, 2026.

5 (d) As used in this section:

6 (1) “Artificial-person powers” means the powers necessary or
7 convenient to carry out the lawful purposes of an enterprise, excluding any
8 authority of the enterprise to engage in election activity or ballot-issue activity.

9 (2) “Ballot-issue activity” means paying, contributing, or expending
10 money or anything of value to support or oppose any initiative, referendum,
11 recall, constitutional amendment, charter amendment, or any other question
12 formally certified or submitted to the electors of the State or any of its political
13 subdivisions. “Ballot-issue activity” does not include any bona fide news
14 story, commentary, or editorial distributed through an independent news
15 organization not owned or controlled by a political party, political committee,
16 or candidate.

17 (3) “Election activity” means paying, contributing, or expending money
18 or anything of value to support or oppose a candidate, political party, or
19 political committee. “Election activity” does not include any bona fide news
20 story, commentary, or editorial distributed through an independent news

1 organization not owned or controlled by a political party, political committee,
2 or candidate.

3 Sec. 12. APPLICABILITY OF CORPORATE POWER RESET

4 (a) Nothing in this act shall invalidate, impair, or modify any contract, debt
5 instrument, security, or other legal obligation lawfully entered into on or before
6 December 31, 2026.

7 (b) No power, privilege, or capacity withheld or limited by this act shall be
8 revived, reinstated, or implied by operation of law or judicial construction.

9 (c) If any provision of this act is held invalid as applied to any artificial
10 legal person, the invalidity shall not be construed to authorize that entity to
11 engage in election activity or ballot-issue activity or to revive any power,
12 privilege, or capacity withheld by this act.

13 Sec. 13. EFFECTIVE DATE

14 This act shall take effect on January 1, 2027.