

S.322

Introduced by Senators Watson and Harrison

Referred to Committee on

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 for those defined activities.

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

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

Sec. 1. FINDINGS AND PURPOSE

(a) The General Assembly finds that artificial legal persons, including corporations, limited liability companies, partnerships, cooperative associations, mutual benefit enterprises, unincorporated nonprofit associations,

1 and statutory or business trusts, are created under the laws of this State and  
2 possess only those powers that the State expressly grants.

3 (b) Under Chapter II, §§ 6 and 69 of the Vermont Constitution, no charter  
4 of incorporation shall be granted, extended, changed, or amended without  
5 reserving to the General Assembly the right of revocation or alteration. The  
6 General Assembly, subject to the provisions of § 69 of the Constitution, retains  
7 full authority to revise, limit, or withdraw the statutory powers and charter  
8 privileges conferred upon artificial legal persons whenever the public good so  
9 requires.

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

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

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

19 (2) regrant only those powers necessary or convenient for lawful  
20 business, charitable, cooperative, or organizational purposes, expressly  
21 excluding any authority to engage in election activity or ballot-issue activity;

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

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

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

6           § 42. SPECIFIC PURPOSES

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

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

14          (A) In addition to the powers conferred by this chapter, ~~they~~ as  
15          limited by this section, private corporations shall have the following powers:

16               (i) all the powers necessary or convenient for carrying out the  
17          purposes herein set forth, including the power to receive deposits of funds from  
18          a member bank and to administer the same, and to require such deposits from  
19          all member banks in uniform percentages, but not in excess of three percent, of  
20          the total deposits of any one bank;

1 (ii) to assist member banks when they are temporarily in need of  
2 cash or hold investments ~~which~~ that cannot readily be liquidated;

3 (iii) to borrow money and to pledge its assets as security therefor;

4 (iv) to issue scrip to the extent and with such security and under  
5 such regulations as the Commissioner of Financial Regulation, with the  
6 consent of the Governor, may approve;

7 (v) to make loans to member banks and to guarantee the  
8 performance of any obligation of a member bank; and

9 (vi) to establish reserves, and to take over from member banks  
10 property, securities, or investments for the purpose of managing, liquidating,  
11 exchanging, or adjusting the same.

12 \* \* \*

13 (2) To operate a corporation for the rehabilitation of individuals and  
14 families by enabling them to secure subsistence and gainful employment from  
15 the soil, from coordinate and affiliated industries and enterprises and  
16 otherwise, and to receive and administer money for that purpose which may  
17 become available from any source. Such corporations shall have all the  
18 powers of corporations organized under this chapter and in addition thereto  
19 may loan money and secure the payment thereof by mortgage, pledge, or lien,  
20 insure or guarantee any indebtedness incurred by others, and become secured  
21 for so doing by mortgage, pledge, or lien. Such corporations shall not be

1 organized for profit, and shall not be subject to taxation, nor shall any stock or  
2 indebtedness of such corporations or any evidence thereof be taxable to any  
3 holder thereof under any provision of law. The capital stock of such  
4 corporations may be with or without par value and the amount thereof,  
5 notwithstanding the provisions of this title, may be less than \$500.00 and in  
6 case the stock has no par value then the number of shares of such stock may be  
7 less than ~~ten~~ 10, representing less than \$500.00. The Governor may designate  
8 any such corporation as ~~his or her~~ the Governor's agent or an agency of the  
9 State to carry on rehabilitation activities within the State. Such corporations  
10 shall not be subject to the provisions of 8 V.S.A. chapters 1, 3, 21, and 29 and  
11 8 V.S.A. ~~part~~ Part 3 and 9 V.S.A. chapter 131, or to the provisions of section  
12 131 of this title.

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

16 (4) As used in this section:

17 (A)(i) "Ballot-issue activity" means paying, contributing, or  
18 expending money or anything of value to support or oppose any initiative,  
19 referendum, recall, constitutional amendment, charter amendment, or any other  
20 question formally certified or submitted to the electors of the State or any of its  
21 political subdivisions.

1                   (ii) “Ballot-issue activity” does not include:

2                         (I) any bona fide news story, commentary, or editorial  
3                   distributed through an independent news organization not owned or controlled  
4                   by a political party, political committee, or candidate;

5                         (II) the determination by a corporation to endorse a ballot  
6                   question and the de minimis use of resources of the corporation to  
7                   communicate the endorsement to the general public; or

8                         (III) activity by a corporation to support or oppose  
9                   consideration of a measure by the General Assembly or by a legislative body  
10                  of a political subdivision of the State prior to the formal submission or  
11                  certification of the measure to the electors.

12                   (B)(i) “Election activity” means paying, contributing, or expending  
13                  money or anything of value to support or oppose a candidate, political party, or  
14                  political committee.

15                   (ii) “Election activity” does not include:

16                         (I) any bona fide news story, commentary, or editorial  
17                  distributed through an independent news organization not owned or controlled  
18                  by a political party, political committee, or candidate;

19                         (II) the determination by a corporation to endorse a candidate  
20                  and the de minimis use of corporation resources to communicate the  
21                  endorsement of the candidate to the general public, provided that the

1 endorsement is not facilitated, solicited, or approved by the candidate or the  
2 candidate's committee; or

3 (III) the de minimis use of corporation resources to provide  
4 administrative support for the establishment or operation of a political  
5 committee.

6 (5) The Secretary of State shall have the authority to adopt rules  
7 regarding the definitions of terms set forth in subdivision (4) of this section,  
8 including setting parameters on what is and is not considered "de minimis."

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

10 § 108. BANKS, TRUST AND MUTUAL INSURANCE COMPANIES

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

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

6       (c) As used in this section:

7               (1)(i) “Ballot-issue activity” means paying, contributing, or expending  
8       money or anything of value to support or oppose any initiative, referendum,  
9       recall, constitutional amendment, charter amendment, or any other question  
10       formally certified or submitted to the electors of the State or any of its political  
11       subdivisions.

12               (ii) “Ballot-issue activity” does not include:

13                       (I) any bona fide news story, commentary, or editorial  
14       distributed through an independent news organization not owned or controlled  
15       by a political party, political committee, or candidate;

16                       (II) the determination by a corporation to endorse a ballot  
17       question and the de minimis use of resources of the corporation to  
18       communicate the endorsement to the general public; or

19                       (III) activity by a corporation to support or oppose  
20       consideration of a measure by the General Assembly or by a legislative body



1 of a political subdivision of the State prior to the formal submission or  
2 certification of the measure to the electors.

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

6 (ii) “Election activity” does not include:

7 (I) any bona fide news story, commentary, or editorial  
8 distributed through an independent news organization not owned or controlled  
9 by a political party, political committee, or candidate;

10 (II) the determination by a corporation to endorse a candidate  
11 and the de minimis use of corporation resources to communicate the  
12 endorsement of the candidate to the general public, provided that the  
13 endorsement is not facilitated, solicited, or approved by the candidate or the  
14 candidate’s committee; or

15 (III) the de minimis use of corporation resources to provide  
16 administrative support for the establishment or operation of a political  
17 committee.

18 (d) The Secretary of State shall have the authority to adopt rules regarding  
19 the definitions of terms set forth in subsection (c) of this section, including  
20 setting parameters on what is and is not considered “de minimis.”

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

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

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

6       (e) As used in this section:

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

10            (2)(A) “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.

15            (B) “Ballot-issue activity” does not include:

16                (i) any bona fide news story, commentary, or editorial distributed  
17                through an independent news organization not owned or controlled by a  
18                political party, political committee, or candidate;

19                (ii) the determination by a cooperative association to endorse a  
20                ballot question and the de minimis use of resources of the cooperative  
21                association to communicate the endorsement to the general public; or

1                   (iii) activity by a cooperative association to support or oppose  
2                   consideration of a measure by the General Assembly or by a legislative body  
3                   of a political subdivision of the State prior to the formal submission or  
4                   certification of the measure to the electors.

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

8                   (B) “Election activity” does not include:

9                   (i) any bona fide news story, commentary, or editorial distributed  
10                  through an independent news organization not owned or controlled by a  
11                  political party, political committee, or candidate;

12                  (ii) the determination by a cooperative association to endorse a  
13                  candidate and the de minimis use of cooperative association resources to  
14                  communicate the endorsement of the candidate to the general public, provided  
15                  that the endorsement is not facilitated, solicited, or approved by the candidate  
16                  or the candidate’s committee; or

17                  (iii) the de minimis use of cooperative association resources to  
18                  provide administrative support for the establishment or operation of a political  
19                  committee.

1       (f) The Secretary of State shall have the authority to adopt rules regarding  
2       the definitions of terms set forth in subsection (e) of this section, including  
3       setting parameters on what is and is not considered “de minimis.”

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

5               CHAPTER 8. WORKER COOPERATIVE CORPORATIONS

6                               \* \* \*

7       § 1093. POWERS

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

11       (b) A worker cooperative corporation governed by this chapter has only  
12       artificial-person powers and the powers otherwise applicable pursuant to Title  
13       11A and expressly modified or supplemented by this chapter.

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

17       (d) As used in this section:

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

1           (2)(A) “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.

6           (B) “Ballot-issue activity” does not include:

7                   (i) any bona fide news story, commentary, or editorial distributed  
8                   through an independent news organization not owned or controlled by a  
9                   political party, political committee, or candidate;

10                   (ii) the determination by a worker cooperative corporation to  
11                   endorse a ballot question and the de minimis use of resources of the worker  
12                   cooperative corporation to communicate the endorsement to the general public;  
13                   or

14                   (iii) activity by a worker cooperative corporation to support or  
15                   oppose consideration of a measure by the General Assembly or by a legislative  
16                   body of a political subdivision of the State prior to the formal submission or  
17                   certification of the measure to the electors.

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



1 ~~thereto, so far as the powers and privileges are necessary or convenient to the~~  
2 ~~conduct, promotion, or attainment of the business purposes or activities of the~~  
3 ~~limited liability company, including power to sue and to be sued, complain and~~  
4 ~~defend in its company name, and the power to do all things necessary or~~  
5 ~~convenient to carry on its activities~~ The creation and continued existence of a  
6 limited liability company governed by this chapter is a conditional grant of  
7 legal status by the State and remains subject to revocation or alteration at any  
8 time.

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

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

14 (4) A limited liability company that undertakes, finances, or directs  
15 election activity or ballot-issue activity without authority pursuant to this  
16 chapter shall be required to remit payment to the Office of the State Treasurer  
17 of an amount equal to the value expended in the activity.

18 (5) A foreign limited liability company that directly or indirectly  
19 undertakes, finances, or directs election activity or ballot-issue activity in this  
20 State, or with respect to any election or ballot measure submitted to the



1 electors of this State, is conclusively deemed to be transacting business in this  
2 State for jurisdiction and enforcement purposes.

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

7 \* \* \*

8 (h) As used in this section:

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

12 (2)(A) “Ballot-issue activity” means paying, contributing, or expending  
13 money or anything of value to support or oppose any initiative, referendum,  
14 recall, constitutional amendment, charter amendment, or any other question  
15 formally certified or submitted to the electors of the State or any of its political  
16 subdivisions.

17 (B) “Ballot-issue activity” does not include:

18 (i) any bona fide news story, commentary, or editorial distributed  
19 through an independent news organization not owned or controlled by a  
20 political party, political committee, or candidate;

1                   (ii) the determination by a limited liability company to endorse a  
2                   ballot question and the de minimis use of resources of the limited liability  
3                   company to communicate the endorsement to the general public; or

4                   (iii) activity by a limited liability company to support or oppose  
5                   consideration of a measure by the General Assembly or by a legislative body  
6                   of a political subdivision of the State prior to the formal submission or  
7                   certification of the measure to the electors.

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

11                  (B) “Election activity” does not include:

12                  (i) any bona fide news story, commentary, or editorial distributed  
13                  through an independent news organization not owned or controlled by a  
14                  political party, political committee, or candidate;

15                  (ii) the determination by a limited liability company to endorse a  
16                  candidate and the de minimis use of limited liability company resources to  
17                  communicate the endorsement of the candidate to the general public, provided  
18                  that the endorsement is not facilitated, solicited, or approved by the candidate  
19                  or the candidate’s committee; or

1                   (iii) the de minimis use of limited liability company resources to  
2                   provide administrative support for the establishment or operation of a political  
3                   committee.

4                   (i) The Secretary of State shall have the authority to adopt rules regarding  
5                   the definitions of terms set forth in subsection (h) of this section, including  
6                   setting parameters on what is and is not considered “de minimis.”

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

8                   § 3208. POLITICAL ACTIVITY; LIMITATIONS

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

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

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

16                  (d) The liability provisions set forth in subsection (b) of this section apply  
17                  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)(A) “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.

15 (B) “Ballot-issue activity” does not include:

16 (i) any bona fide news story, commentary, or editorial distributed  
17 through an independent news organization not owned or controlled by a  
18 political party, political committee, or candidate;

19 (ii) the determination by a limited partnership to endorse a ballot  
20 question and the de minimis use of resources of the limited partnership to  
21 communicate the endorsement to the general public; or

1                    (iii) activity by a limited partnership to support or oppose  
2                    consideration of a measure by the General Assembly or by a legislative body  
3                    of a political subdivision of the State prior to the formal submission or  
4                    certification of the measure to the electors.

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

8                    (B) “Election activity” does not include:

9                    (i) any bona fide news story, commentary, or editorial distributed  
10                  through an independent news organization not owned or controlled by a  
11                  political party, political committee, or candidate;

12                  (ii) the determination by a limited partnership to endorse a  
13                  candidate and the de minimis use of limited partnership resources to  
14                  communicate the endorsement of the candidate to the general public, provided  
15                  that the endorsement is not facilitated, solicited, or approved by the candidate  
16                  or the candidate’s committee; or

17                  (iii) the de minimis use of limited partnership resources to provide  
18                  administrative support for the establishment or operation of a political  
19                  committee.

1       (g) The Secretary of State shall have the authority to adopt rules regarding  
2       the definitions of terms set forth in subsection (f) of this section, including  
3       setting parameters on what is and is not considered “de minimis.”

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

5       § 3408. POLITICAL ACTIVITY; LIMITATIONS

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

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

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

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

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

1       (f) As used in this section:

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

5           (2)(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.

10          (B) “Ballot-issue activity” does not include:

11           (i) any bona fide news story, commentary, or editorial distributed  
12       through an independent news organization not owned or controlled by a  
13       political party, political committee, or candidate;

14           (ii) the determination by a limited liability partnership to endorse a  
15       ballot question and the de minimis use of resources of the limited liability  
16       partnership to communicate the endorsement to the general public; or

17           (iii) activity by a limited liability partnership to support or oppose  
18       consideration of a measure by the General Assembly or by a legislative body  
19       of a political subdivision of the State prior to the formal submission or  
20       certification of the measure to the electors.

1           (3) “Charter privileges” means the privileges conferred by the State  
2           upon a corporation by virtue of its incorporation, including limited liability,  
3           perpetual duration, succession in its corporate name, and the authority to  
4           transact business as a corporation under the laws of this State.

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

8           (B) “Election activity” does not include:

9                   (i) any bona fide news story, commentary, or editorial distributed  
10                  through an independent news organization not owned or controlled by a  
11                  political party, political committee, or candidate;

12                   (ii) the determination by a limited liability partnership to endorse a  
13                  candidate and the de minimis use of limited liability partnership resources to  
14                  communicate the endorsement of the candidate to the general public, provided  
15                  that the endorsement is not facilitated, solicited, or approved by the candidate  
16                  or the candidate’s committee; or

17                   (iii) the de minimis use of limited liability partnership resources to  
18                  provide administrative support for the establishment or operation of a political  
19                  committee.



### § 3.02. GENERAL POWERS

1 the corporation's charter upon the corporation's payment to the Office of the  
2 State Treasurer of the amount equal to the unlawful expenditures along with a  
3 certification of compliance.

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

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

13 (d) As used in this section:

14 (1) "Artificial-person powers" means the powers necessary or  
15 convenient to carry out the lawful purposes of a corporation, excluding any  
16 authority of the corporation to engage in election activity or ballot-issue  
17 activity.

18 (2)(A) "Ballot-issue activity" means paying, contributing, or expending  
19 money or anything of value to support or oppose any initiative, referendum,  
20 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.

3 (B) “Ballot-issue activity” does not include:

4 (i) any bona fide news story, commentary, or editorial distributed  
5 through an independent news organization not owned or controlled by a  
6 political party, political committee, or candidate;

7 (ii) the determination by a corporation to endorse a ballot question  
8 and the de minimis use of resources of the corporation to communicate the  
9 endorsement to the general public; or

10 (iii) activity by a corporation to support or oppose consideration of  
11 a measure by the General Assembly or by a legislative body of a political  
12 subdivision of the State prior to the formal submission or certification of the  
13 measure to the electors.

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

17 (B) “Election activity” does not include:

18 (i) any bona fide news story, commentary, or editorial distributed  
19 through an independent news organization not owned or controlled by a  
20 political party, political committee, or candidate;

1                   (ii) the determination by a corporation to endorse a candidate and  
2                   the de minimis use of corporation resources to communicate the endorsement  
3                   of the candidate to the general public, provided that the endorsement is not  
4                   facilitated, solicited, or approved by the candidate or the candidate's  
5                   committee; or

6                   (iii) the de minimis use of corporation resources to provide  
7                   administrative support for the establishment or operation of a political  
8                   committee.

9                   (e) The Secretary of State shall have the authority to adopt rules regarding  
10                  the definitions of terms set forth in subsection (d) of this section, including  
11                  setting parameters on what is and is not considered "de minimis."

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

13                               CHAPTER 3. PURPOSES AND POWERS

14                   § 3.01. PURPOSES

15                  (a) A corporation may be organized under this chapter for any lawful  
16                  purpose or purposes consistent with the artificial-person powers granted  
17                  pursuant to section 3.02 of this chapter, including, without being limited to,  
18                  any one or more of the following purposes: charitable; benevolent;  
19                  eleemosynary; educational; civic; patriotic; political; religious; social;  
20                  fraternal; sororal; literary; cultural; athletic; scientific; agricultural;  
21                  horticultural; animal husbandry; and professional, commercial, industrial, or

1 trade association. Under no circumstances shall election activity or ballot-  
2 issue activity be deemed a lawful purpose of a corporation organized under this  
3 chapter.

4 \* \* \*

5 § 3.02. GENERAL POWERS

6 (a) All powers, privileges, and capacities granted or implied under the laws  
7 of this State to a corporation organized under this title on or before December  
8 31, 2026, are hereby revoked in their entirety.

9 (b) Unless its articles of incorporation provide otherwise, every Every  
10 corporation ~~has perpetual duration and succession in its corporate name and~~  
11 ~~has the same powers as an individual to do all things necessary or convenient~~  
12 ~~to carry out its affairs~~ organized under this title is granted artificial-person  
13 powers along with any enumerated power that is consistent with such artificial-  
14 person powers, including, without limitation, the power:

15 \* \* \*

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

19 (c)(1) A corporation organized under this title that operates primarily as a  
20 political committee or political party may engage in election activity or ballot-

1 issue activity only to the extent permitted by law and shall claim no charter  
2 privilege other than limited liability for its members, directors, and officers.

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

6 (3) Except as provided in subdivision (1) of this section, any act of a  
7 corporation organized under this title constituting election activity or ballot-  
8 issue activity is ultra vires and void and results in forfeiture of all charter  
9 privileges. The Secretary of State shall only reinstate the corporation's charter  
10 upon the corporation's payment to the Office of the State Treasurer of the  
11 amount equal to the unlawful expenditures along with a certification of  
12 compliance.

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

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

1       (d) As used in this chapter:

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

6           (2)(A) “Ballot-issue activity” means paying, contributing, or expending  
7       money or anything of value to support or oppose any initiative, referendum,  
8       recall, constitutional amendment, charter amendment, or any other question  
9       formally certified or submitted to the electors of the State or any of its political  
10       subdivisions.

11           (B) “Ballot-issue activity” does not include:

12           (i) any bona fide news story, commentary, or editorial distributed  
13       through an independent news organization not owned or controlled by a  
14       political party, political committee, or candidate;

15           (ii) the determination by a corporation to endorse a ballot question  
16       and the de minimis use of resources of the corporation to communicate the  
17       endorsement to the general public; or

18           (iii) activity by a corporation to support or oppose consideration of  
19       a measure by the General Assembly or by a legislative body of a political  
20       subdivision of the State prior to the formal submission or certification of the  
21       measure to the electors.

1           (3) “Charter privileges” means the privileges conferred by the State  
2           upon a corporation by virtue of its incorporation, including limited liability,  
3           perpetual duration, succession in its corporate name, and the authority to  
4           transact business as a corporation under the laws of this State.

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

8           (B) “Election activity” does not include:

9                   (i) the determination by a corporation to endorse a candidate and  
10           the de minimis use of corporation resources to communicate the endorsement  
11           of the candidate to the general public, provided that the endorsement is not  
12           facilitated, solicited, or approved by the candidate or the candidate’s  
13           committee; or

14                   (ii) the de minimis use of corporation resources to provide  
15           administrative support for the establishment or operation of a political  
16           committee.

17           (e) The Secretary of State shall have the authority to adopt rules regarding  
18           the definitions of terms set forth in subsection (d) of this section, including  
19           setting parameters on what is and is not considered “de minimis.”

20                   \* \* \*



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

2     § 106. POWERS

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

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

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

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

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

1        (d) As used in this section:

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

5            (2)(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.

10          (B) “Ballot-issue activity” does not include:

11            (i) any bona fide news story, commentary, or editorial distributed  
12        through an independent news organization not owned or controlled by a  
13        political party, political committee, or candidate;

14            (ii) the determination by a mutual benefit enterprise to endorse a  
15        ballot question and the de minimis use of resources of the mutual benefit  
16        enterprise to communicate the endorsement to the general public; or

17            (iii) activity by a mutual benefit enterprise to support or oppose  
18        consideration of a measure by the General Assembly or by a legislative body  
19        of a political subdivision of the State prior to the formal submission or  
20        certification of the measure to the electors.

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

4           (B) “Election activity” does not include:

5                   (i) any bona fide news story, commentary, or editorial distributed  
6                   through an independent news organization not owned or controlled by a  
7                   political party, political committee, or candidate;

8                   (ii) the determination by a mutual benefit enterprise to endorse a  
9                   candidate and the de minimis use of mutual benefit enterprise resources to  
10                  communicate the endorsement of the candidate to the general public, provided  
11                  that the endorsement is not facilitated, solicited, or approved by the candidate  
12                  or the candidate’s committee; or

13                  (iii) the de minimis use of mutual benefit enterprise resources to  
14                  provide administrative support.

15           (e) The Secretary of State shall have the authority to adopt rules regarding  
16           the definitions of terms set forth in subsection (d) of this section, including  
17           setting parameters on what is and is not considered “de minimis.”

1      Sec. 12. APPLICABILITY OF CORPORATE POWER RESET

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

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

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

11      Sec. 13. EFFECTIVE DATE

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