

1 S.322

2 Introduced by Senators Watson and Harrison

3 Referred to Committee on

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

8 Statement of purpose of bill as introduced: This bill proposes to amend Titles
9 11, 11A, 11B, and 11C to define “ballot-issue activity” and “election activity”
10 and remove any corporate power to pay, contribute, or expend money for those
11 defined activities.

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

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

15 Sec. 1. FINDINGS AND PURPOSE

16 (a) The General Assembly finds that artificial legal persons, including
17 corporations, limited liability companies, partnerships, cooperative
18 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 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.”

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 (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.

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 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.