

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 724

Short Title: Citizens United Disclosures. (Public)

Sponsors: Representatives Harrison, Insko, Fisher, and Michaux (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

April 11, 2017

1 A BILL TO BE ENTITLED
2 AN ACT PROVIDING FOR SHAREHOLDER VOTE ON CORPORATE INDEPENDENT
3 EXPENDITURES AND ELECTIONEERING COMMUNICATIONS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 22A of Chapter 163 of the General Statutes is amended by
6 adding a new section to read:

7 **"§ 163-278.12D. Shareholder vote on independent expenditures and electioneering**
8 **communications.**

9 (a) Any corporation incorporated in this State that spends in the aggregate ten thousand
10 dollars (\$10,000) or more of corporate treasury funds on independent expenditures or
11 electioneering communications shall comply with the requirements of this section.

12 (b) Any proxy or consent or authorization for an annual meeting of the shareholders of
13 a corporation incorporated in this State, or a special meeting in lieu of such meeting, where
14 proxies are solicited in respect of any security, occurring on or after six months following the
15 date on which final regulations are published under subsection (d) of this section shall provide
16 for a separate resolution subject to shareholder vote to approve any spending of ten thousand
17 dollars (\$10,000) or more in the aggregate by the corporation for any independent expenditures
18 or electioneering communications.

19 (c) Notwithstanding subsection (b) of this section, a corporation may request
20 authorization for spending on independent expenditures or electioneering communications on a
21 more frequent basis. Any authorization request by the corporation that is not made during an
22 annual authorization shall be deemed a special authorization.

23 (d) If a corporation spends less than an aggregate of ten thousand dollars (\$10,000) in a
24 12-month period for independent expenditures or electioneering communications, then it does
25 not have to seek shareholder authorization for such spending.

26 (e) When seeking shareholder authorization for expenditures for independent
27 expenditures or electioneering communications, the corporation shall request the authority to
28 spend a maximum dollar amount in the next 12 months.

29 (f) If known at the time of the vote, the company shall articulate whether the corporate
30 treasury funds so authorized are intended for spending on independent expenditures or
31 electioneering communications prepared and distributed directly by the corporation or whether
32 they will be paid to specific nonprofits or trade associations for political activities. The
33 following apply:

34 (1) The authorization vote must garner support from a majority of shareholders.



1 (2) A vote by the shareholders to approve or disapprove any spending of ten
2 thousand dollars (\$10,000) or more by a corporation for any independent
3 expenditures or electioneering communications shall be binding on the
4 corporation.

5 (g) If a corporation makes an unauthorized independent expenditure, electioneering
6 communication, or donation to a third party for such, then the directors at the time that the
7 unauthorized contribution or donation was incurred are jointly and severally liable to repay to
8 the corporation the amount of the unauthorized expenditure, with interest at the rate of eight
9 percent (8%) per year."

10 **SECTION 2.** This act becomes effective January 1, 2018, and applies to elections
11 held on or after that date.