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An Act Regarding Corporate and Other Entity Campaign Advertising Disclosure and Accountability

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 21-A MRSA §1015-B is enacted to read:

§ 1015-B. Political activities by corporations and other groups

In addition to any applicable disclosure and reporting requirements prescribed by this chapter, a corporation or group that makes contributions shall comply with this section.

For purposes of this section, "group" means a political action committee, firm, partnership, trade or professional association or union.

1. Contributions and expenditures by corporations and groups. A corporation or group that makes a contribution or expenditure to support or defeat a candidate, referendum, direct initiative of legislation or people's veto referendum of more than \$2,000 in a calendar year shall submit a report to the commission within 60 days of the contribution or expenditure. The report must include but is not limited to:

A. The amount of the contribution or expenditure; and

B. The candidate, referendum, direct initiative of legislation or people's veto referendum to which the contribution or expenditure relates.

Reports required by this subsection must be retained by the corporation or group for a minimum of 5 years. The reporting requirements of this subsection are satisfied if substantially similar reports are filed in accordance with other provisions of this chapter.

2. Shareholder or membership approval. Before making a contribution or expenditure aggregating more than \$2,000 in a calendar year for a political communication to support or defeat a candidate, referendum, direct initiative of legislation or people's veto referendum, a corporation or group shall submit the content and manner of distribution of the communication that resulted in exceeding the \$2,000 threshold, including the geographic area where the communication will be distributed, to the shareholders of the corporation or members of the group for approval. The corporation or group may make the contribution or expenditure for the communication if a majority of the shareholders or members of the group approve and determine that the expenditure or contribution is in the best interests of the corporation or group. If any shareholder or member objects to the contribution or expenditure, that shareholder or member may file a notice of objection with the corporation or group and is entitled to a pro rata share of the amount of the contribution or expenditure subject to the objection.

3. Television and radio communications; disclosure required. A communication made by or purchased by a corporation or group supporting the election or defeat of a candidate, referendum, direct initiative of legislation or people's veto referendum broadcast on television or radio must include the following information clearly audible or visible to the viewer:

A. The identity of the corporation's or group's chief executive officer or principal officer and the officer's title;

B. The city and state of the corporation's or group's principal place of business; and

C. The following statement, made by the chief executive officer, chair, principal officer or business manager of the corporation or group:

"I am (name), the (office held) of (name of corporation or group). (name of corporation or group) paid for and approves this message."

For a television communication, this statement must be made with a full-screen view of the person making the statement.

4. Internet communications; disclosure required. A communication made by or purchased by a corporation or group supporting the election or defeat of a candidate, referendum, direct initiative of legislation or people's veto referendum broadcast on the Internet must include the following information clearly audible or visible to the viewer:

A. The identity of the corporation's or group's chief executive officer or principal officer and the officer's title;

B. The city and state of the corporation's or group's principal place of business;

C. The following statement, made by the chief executive officer, chair, principal officer or business manager of the corporation or group:

"I am (name), the (office held) of (name of corporation or group). (name of corporation or group) paid for and approves this message."

This statement must be made with a full-screen view of the person making the statement.

D. A list of the names of the 5 persons or entities that have made the largest contributions to the corporation or group in excess of \$250 during the 12month period before the date of the communication, with the words "Top Five Contributors"; and

E. The logo of the corporation or group, if applicable.

5. Print communications; disclosure required. A printed communication made by a corporation or group supporting the election or defeat of a candidate, referendum, direct initiative of legislation or people's veto referendum must include the same information as described in subsection 4, paragraphs A, B, D and E, set aside from other printed matter so it is clearly distinguishable and printed in a font size no less than 10% of the largest font size in the communication.

6. Liability and civil actions. A shareholder of a corporation or a member of a group may take a civil course of action against that corporation or group if the corporation or group made a contribution or expenditure without shareholder or member approval in violation of subsection 2 or if the contribution or expenditure is considered to have had an adverse effect on the corporation's or group's value. If a corporation or group violates any provision of this section, the directors of the corporation or group at the time of the contribution or expenditure are jointly and severally liable to repay the corporation or group the amount of the contribution or expenditure with an interest rate of 8% annually. A shareholder or member may seek compensatory damages or \$200, whichever is greater, for violation of this section. Punitive damages may be awarded to a shareholder or member only if there exists clear and convincing evidence that the violation was made willfully and with malicious intent.

7. Violations. A person who or corporation or group that makes a communication knowingly without the disclosures required by this section is punishable by a fine of 3 times the amount of the expenditure for the communication or \$100,000, whichever is greater. A person who knowingly aids or abets a violation as described in this subsection is subject to a fine of not more than \$10,000 and imprisonment not to exceed a term of one year.

SUMMARY

This bill requires corporations or groups, including political action committees and unions, that make expenditures or contributions for political communications to get approval from the majority of the corporation's shareholders or, for other groups, approval for contributions and expenditures from a majority of its membership. It provides for specific disclosures by corporations or groups that make political communications. The bill establishes liability for a corporation or group if it violates the disclosure and reporting requirements. It also provides for a shareholder of the corporation or member of the group to seek compensatory and punitive damages from the directors of the corporation or group.