

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2433 Session of 2024

INTRODUCED BY WEBSTER, PROBST, KHAN, GUENST, HILL-EVANS, GIRAL, SCHLOSSBERG, PIELLI, SANCHEZ, CIRESI, SHUSTERMAN, OTTEN AND DELLOSO, JUNE 20, 2024

REFERRED TO COMMITTEE ON STATE GOVERNMENT, JUNE 20, 2024

AN ACT

1 Amending the act of June 3, 1937 (P.L.1333, No.320), entitled
 2 "An act concerning elections, including general, municipal,
 3 special and primary elections, the nomination of candidates,
 4 primary and election expenses and election contests; creating
 5 and defining membership of county boards of elections;
 6 imposing duties upon the Secretary of the Commonwealth,
 7 courts, county boards of elections, county commissioners;
 8 imposing penalties for violation of the act, and codifying,
 9 revising and consolidating the laws relating thereto; and
 10 repealing certain acts and parts of acts relating to
 11 elections," providing for corporate political contributions;
 12 and imposing penalties.

13 The General Assembly of the Commonwealth of Pennsylvania
 14 hereby enacts as follows:

15 Section 1. The act of June 3, 1937 (P.L.1333, No.320), known
 16 as the Pennsylvania Election Code, is amended by adding an
 17 article to read:

18 ARTICLE XVI-B

19 CORPORATE POLITICAL CONTRIBUTIONS

20 Section 1601-B. Definitions.

21 The following words and phrases when used in this article
 22 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Association." A group of two or more persons, who are not
3 all members of an immediate family, acting in concert.

4 "Chief executive officer." The highest-ranking officer or
5 decision-making individual with authority over a corporation's
6 affairs.

7 "Contribution." An expenditure to promote or defeat the
8 election or nomination of a candidate to a political office that
9 is made with the authorization or expressed or implied consent
10 of, in cooperation or in concert with or at the request or
11 suggestion of a candidate or committee established to support or
12 oppose a candidate. The term does not include an independent
13 expenditure.

14 "Corporation." The following:

15 (1) a domestic or foreign corporation for profit; or

16 (2) a domestic or foreign limited liability company
17 formed under 15 Pa.C.S. Ch. 88 (relating to limited liability
18 companies), or under similar laws of another state.

19 "Expenditure." As defined in section 1621(d).

20 "Foreign-influenced corporation." The following:

21 (1) A corporation for which at least one of the
22 following conditions is met:

23 (i) a single foreign investor holds, owns, controls
24 or otherwise has direct or indirect beneficial ownership
25 of 1% or more of the total equity, outstanding voting
26 shares, membership units or other applicable ownership
27 interests of the corporation;

28 (ii) two or more foreign investors in aggregate
29 hold, own, control or otherwise have direct or indirect
30 beneficial ownership of 5% or more of the total equity,

1 outstanding voting shares, membership units or other
2 applicable ownership interests of the corporation; or
3 (iii) a foreign investor participates directly or
4 indirectly in the corporation's decision-making process
5 with respect to the corporation's political activities in
6 the United States.

7 (2) The calculation of a person's ownership interest for
8 purposes of paragraph (1)(i) and (ii) shall exclude any
9 portion of the person's direct or indirect beneficial
10 ownership of equity, outstanding voting shares, membership
11 units or otherwise applicable ownership interests of a
12 corporation that are held or owned in a mutual fund based in
13 the United States.

14 "Foreign investor." A person that:

15 (1) holds, owns, controls or otherwise has direct or
16 indirect beneficial ownership of equity, outstanding voting
17 shares, membership units or otherwise applicable ownership
18 interests of a corporation; and

19 (2) is any of the following:

20 (i) a government of a foreign country;

21 (ii) a political party organized in a foreign
22 country;

23 (iii) a partnership, association, corporation,
24 organization or other combination of persons organized
25 under the laws of or having its principal place of
26 business in a foreign country;

27 (iv) an individual outside of the United States who
28 is not a citizen or national of the United States and who
29 is not lawfully admitted for permanent residence in the
30 United States; or

1 (v) a corporation in which a foreign investor holds,
2 owns, controls or otherwise has directly or indirectly
3 acquired beneficial ownership of equity or voting shares
4 in an amount that is equal to or greater than 50% of the
5 total equity or outstanding voting shares.

6 "General treasury money." Money that an association
7 accumulates through membership dues and fees, donations to the
8 association for its general purposes and income from the
9 operation of a business. The term does not include money
10 collected to influence the nomination or election of candidates
11 or to promote or defeat a ballot question.

12 "Independent expenditure." As defined in section 1621(e).
13 Section 1602-B. Foreign-influenced corporations.

14 (a) Prohibition.--Notwithstanding section 1633, a foreign-
15 influenced corporation may not make:

16 (1) an expenditure, or offer or agree to make an
17 expenditure, to promote or defeat the candidacy of an
18 individual for nomination, election or appointment to a
19 public office;

20 (2) contributions or expenditures to promote or defeat a
21 ballot question or to support or oppose a question for
22 placement on the ballot;

23 (3) a contribution to a candidate for nomination,
24 election or appointment to a public office or to a
25 candidate's political committee; or

26 (4) a contribution to a political party, political body,
27 State committee or political committee.

28 (b) Other persons.--A foreign-influenced corporation may not
29 make a contribution or donation to any other person with the
30 express or implied condition that the contribution or donation,

1 or any part of it, be used for any of the purposes prohibited by
2 this section.

3 (c) Associations.--This section does not prohibit donations
4 to an association for its general purposes, such that the funds
5 qualify as general treasury money, nor does it impose any
6 additional limitations on the use of the funds.

7 Section 1603-B. Certification of compliance.

8 A corporation that makes a contribution or expenditure shall
9 submit a certification to the Department of State that the
10 corporation was not a foreign-influenced corporation as of the
11 date the contribution or expenditure was made. The certification
12 shall be submitted within seven business days after the
13 contribution or expenditure is made and shall be signed by the
14 corporation's chief executive officer after reasonable inquiry
15 under penalty of perjury. If the activity requiring
16 certification was a contribution to a political committee or
17 political action committee that makes independent expenditures,
18 the corporation shall additionally provide a copy of the
19 certification to that committee. For purposes of the
20 certification, the corporation shall use due diligence to
21 ascertain beneficial ownership if it is registered on a national
22 securities exchange, as provided under 17 CFR 240.13d-3
23 (relating to determination of beneficial owner) and 240.13d-5
24 (relating to acquisition of beneficial ownership). The
25 corporation shall provide a copy of the statement of
26 certification to any candidate or committee to which it
27 contributes and, upon request of the recipient, to any other
28 person to which it contributes.

29 Section 1604-B. News media.

30 This article does not prohibit publication or broadcasting of

1 news items or editorial comments by the news media.

2 Section 1605-B. Penalty for individuals.

3 (a) Civil penalty.--An officer, manager, stockholder,
4 member, agent, employee, attorney or other representative of a
5 corporation acting on behalf of the corporation who violates
6 this article shall be subject to a civil penalty of up to 10
7 times the amount of the violation, but in no case more than
8 \$10,000, imposed by the Department of State.

9 (b) Fine and imprisonment.--An officer, manager,
10 stockholder, member, agent, employee, attorney or other
11 representative of a corporation acting on behalf of the
12 corporation who is convicted of knowingly violating this article
13 is subject to a fine of not more than \$20,000, or imprisonment
14 for a term of not more than five years, or both.

15 Section 1606-B. Penalty for corporations.

16 (a) Civil penalty.--A corporation that violates this article
17 is subject to a civil penalty of up to 10 times the amount of
18 the violation, but in no case more than \$10,000, imposed by the
19 court or Department of State.

20 (b) Fines and other penalties.--A corporation convicted of
21 knowingly violating this article is subject to a fine of not
22 more than \$40,000. A convicted domestic corporation may be
23 dissolved as well as fined. If a foreign or nonresident
24 corporation is convicted, in addition to the fine, the
25 corporation's right to do business in this Commonwealth may be
26 declared forfeited.

27 Section 1607-B. Knowing violations.

28 An individual or a corporation knowingly violates this
29 article if, at the time of a transaction, the individual or the
30 corporation knew that:

1 (1) the transaction causing the violation constituted a
2 contribution; and

3 (2) the contributor was a foreign-influenced corporation
4 subject to the prohibitions of section 1602-B.

5 Section 1608-B. Permitted activity.

6 It is not a violation of this article for:

7 (1) A political party or political body to form a
8 nonprofit corporation for the sole purpose of holding real
9 property to be used exclusively as the party's headquarters.

10 (2) A corporation to contribute to or conduct public
11 media projects to encourage individuals to register to vote
12 or vote if the projects are not controlled by or operated for
13 the advantage of a candidate, political party, political body
14 or political committee.

15 (3) A corporation to provide meeting facilities to a
16 political committee, political party, political body or
17 candidate on a nondiscriminatory and nonpreferential basis.

18 (4) A corporation selling products or services to the
19 public to post on its public premises messages that promote
20 participation, voter registration or elections if the
21 messages are not controlled by or operated for the advantage
22 of a candidate, political party, political body or political
23 committee.

24 Section 1609-B. Aiding violation.

25 (a) Individuals.--An individual who aids, abets or advises a
26 violation of this article commits a misdemeanor and, upon
27 conviction, shall be sentenced to pay a fine of not less than
28 \$1,000 nor more than \$10,000.

29 (b) Director, officers, agents and employees.--A director,
30 officer, agent or employee of a corporation or unincorporated

1 association who aids, abets or advises a violation of this
2 article commits a misdemeanor and, upon conviction, shall be
3 sentenced to pay a fine not exceeding \$10,000, or to undergo a
4 term of imprisonment of not more than two years, or both, in the
5 discretion of the court.

6 Section 1610-B. Prosecutions, jurisdiction and venue.

7 (a) Jurisdiction.--The Attorney General shall have
8 prosecutorial jurisdiction over all violations committed under
9 this article.

10 (b) Concurrent jurisdiction.--The district attorney of any
11 county in which a violation occurs has concurrent powers and
12 responsibilities with the Attorney General over violations.

13 (c) Venue.--Violations of this article may be prosecuted in
14 the county where the payment or contribution was made, where
15 services were rendered or where money was paid or distributed.

16 Section 2. This act shall take effect in 60 days.