

House BILL NO. 575

CRUOE

INTRODUCED BY

Rep. ~~Reinken~~

Wisgomy

Maundy Brady Mike DENNY

A BILL FOR AN ACT ENTITLED "AN ACT PROHIBITING CERTAIN CORPORATIONS, PARTNERSHIPS, ASSOCIATIONS, COOPERATIVES, AND OTHER ORGANIZATIONS FROM CONTRIBUTING TO THE SUPPORT OR OPPOSITION OF BALLOT ISSUES; REMOVING FROM THE PROHIBITION AN EXEMPTION FOR CERTAIN NONPROFIT CORPORATIONS; DESCRIBING EXPENDITURES MADE BY A POLITICAL COMMITTEE FOR THE PURPOSE OF VOLUNTARY SPENDING LIMITS; AMENDING SECTIONS 13-35-227 AND 13-37-250, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 13-35-227, MCA, is amended to read:

"13-35-227. Prohibited contributions from corporations for candidates or political parties. (1) (a) ~~Except as provided in subsection (4), a~~ A corporation may not make a contribution or an expenditure in connection with a candidate, ~~a ballot issue,~~ or a political committee ~~which~~ that supports or opposes a candidate, a ballot issue, or a political party.

(b) For purposes of this section, "corporation" refers to for-profit and nonprofit corporations.

(2) A person, candidate, or political committee may not accept or receive a corporate contribution described in subsection (1).

(3) This section does not prohibit the establishment or administration of a separate, segregated fund to be used for making political contributions or expenditures if the fund consists only of voluntary contributions solicited from ~~an individual who is a shareholder, an employee, or a member~~ individuals who are shareholders, employees, or members of the corporation.

~~(4) The provisions of subsection (1) prohibiting corporate contributions to or expenditures in connection with a ballot issue do not apply to a nonprofit corporation formed for the purpose, among others, of promoting political ideas and that:~~

~~(a) does not engage in business activities;~~

~~(b) has no shareholders or other affiliated persons who have a private claim on the corporation's assets or earnings;~~

1 ~~(c) does not accept foreign or domestic for profit corporations as members; and~~

2 ~~(d) does not accept in the aggregate more than 5% annually of its total revenue from foreign or~~
 3 ~~domestic for profit corporations.~~

4 ~~(5)(4)~~ A person who violates this section is subject to the civil penalty provisions of 13-37-128."

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 6 **NEW SECTION. Section 2. Prohibited contributions for ballot issues.** (1) A business corporation,
 7 nonprofit corporation, religious corporation, professional corporation, business trust, limited liability
 8 company, close corporation, partnership, limited partnership, mining partnership, cooperative association,
 9 agricultural association, cooperative agricultural marketing association, rural cooperative, utility association,
 10 or other association or organization exempt from taxation under 15-31-102 or 26 U.S.C. 501(c) may not
 11 make a contribution or an expenditure in connection with a ballot issue or to a political committee that
 12 supports or opposes a ballot issue.

13 (2) A person or political committee may not accept or receive a contribution described in subsection
 14 (1).

15 (3) This section does not prohibit the establishment or administration of a separate, segregated
 16 fund to be used for making political contributions or expenditures if the fund consists only of voluntary
 17 contributions solicited from individuals who are shareholders, employees, or members of an organization
 18 described in subsection (1).

19 (4) A person who violates this section is subject to the civil penalty provided in 13-37-128.

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 21 **Section 3.** Section 13-37-250, MCA, is amended to read:

22 **"13-37-250. Voluntary spending limits.** (1) (a) ~~Beginning January 1, 1997, the~~ The following
 23 statement may be used in printed matter and in broadcast advertisements and may appear in the voter
 24 information pamphlet prepared by the secretary of state: "According to the Office of the Commissioner
 25 of Political Practices, is in compliance with the voluntary expenditure limits established under
 26 Montana law."

27 (b) The treasurer of each political committee, as defined in 13-1-101(12)(b), who files a
 28 certification on a ballot issue pursuant to 13-37-201 may also file with the commissioner a sworn statement
 29 that the committee will not exceed the voluntary expenditure limits of this section. If a sworn statement
 30 is made, it must be filed with the commissioner within 30 days of the certification of the political

1 committee.

2 (c) A political committee that has not filed a sworn statement with the commissioner may not
3 distribute any printed matter or pay for any broadcast claiming to be in compliance with the voluntary
4 expenditure limits of this section.

5 (d) A political committee may not use evidence of compliance with the voluntary expenditure limits
6 of this section to imply to the public that the committee has received endorsement or approval by the state
7 of Montana.

8 (2) For the purposes of this section, the expenditures made by a political committee consist of the
9 aggregate total of the following during the calendar year:

10 (a) ~~all loans made or received by the committee;~~

11 ~~(b)~~ all committee loans or expenditures made by check or cash; and

12 ~~(c)~~(b) the dollar value of all in-kind contributions made or received by the committee.

13 (3) In order to be identified as a political committee in compliance with the voluntary expenditure
14 limits of this section, the committee's expenditures, as described in subsection (2), may not exceed
15 \$150,000.

16 (4) ~~Beginning January 1, 1997, any~~ A political committee that files with the commissioner a sworn
17 statement to abide by the voluntary expenditure limits of this section but that exceeds those limits shall
18 pay a fine of \$5,000 to the commissioner. This money must be deposited in a separate fund to be used
19 to support the enforcement programs of the office of the commissioner."

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21 NEW SECTION. Section 4. Codification instruction. [Section 2] is intended to be codified as an
22 integral part of Title 13, chapter 35, part 2, and the provisions of Title 13, chapter 35, part 2, apply to
23 [section 2].

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25 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.

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STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0575, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act prohibiting certain corporations, partnerships, associations, cooperatives, and other organizations from contributing to the support or opposition of ballot issues; removing from the prohibition an exemption for certain nonprofit corporations; and describing expenditures made by a political committee for the purpose of voluntary spending limits.

ASSUMPTIONS:

1. The Commissioner of Political Practices will be required to implement and maintain a system to monitor all ballot issue committees for compliance with the voluntary spending limit provision. This will include initial filing of a statement by each ballot issue committee choosing to comply with the voluntary limits as well as monitoring the advertising of all ballot issue committees to ensure their compliance with the law.

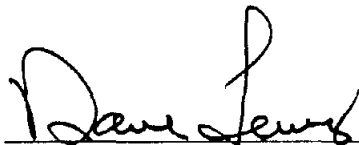
FISCAL IMPACT:

Expenditures:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
Administrative expenses	2,500	1,500

Funding:

General Fund (01)	2,500	1,500
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 2-19-97

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

WILLIAM REHBEIN JR., PRIMARY SPONSOR DATE

Fiscal Note for HB0575, as introduced

HB 575

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2 INTRODUCED BY REHBEIN, WISEMAN, GRINDE, BEAUDRY, GRADY, MCGEE, DENNY, WAGNER

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17 candidate, ~~a ballot issue,~~ or a political party.

18 (b) For purposes of this section, "corporation" refers to for-profit and nonprofit corporations.

19 (2) A person, candidate, or political committee may not accept or receive a corporate contribution
20 described in subsection (1).21 (3) This section does not prohibit the establishment or administration of a separate, segregated
22 fund to be used for making political contributions or expenditures if the fund consists only of voluntary
23 contributions solicited from ~~an individual who is a shareholder, an employee, or a member~~ individuals who
24 are shareholders, employees, or members of the corporation.25 ~~(4) The provisions of subsection (1) prohibiting corporate contributions to or expenditures in~~
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27 ~~others, of promoting political ideas and that:~~28 ~~(a) does not engage in business activities;~~29 ~~(b) has no shareholders or other affiliated persons who have a private claim on the corporation's~~
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2 ~~(d) does not accept in the aggregate more than 5% annually of its total revenue from foreign or~~
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4 ~~(5)~~(4) A person who violates this section is subject to the civil penalty provisions of 13-37-128.”

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6 NEW SECTION. **Section 2. Prohibited contributions for ballot issues.** (1) A business corporation,
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23 [section 2].
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 30 is made, it must be filed with the commissioner within 30 days of the certification of the political

1 committee.

2 (c) A political committee that has not filed a sworn statement with the commissioner may not
3 distribute any printed matter or pay for any broadcast claiming to be in compliance with the voluntary
4 expenditure limits of this section.

5 (d) A political committee may not use evidence of compliance with the voluntary expenditure limits
6 of this section to imply to the public that the committee has received endorsement or approval by the state
7 of Montana.

8 (2) For the purposes of this section, the expenditures made by a political committee consist of the
9 aggregate total of the following during the calendar year:

10 (a) ~~all loans made or received by the committee;~~

11 ~~(b)~~ all committee loans or expenditures made by check or cash; and

12 ~~(c)~~ (b) the dollar value of all in-kind contributions made or received by the committee.

13 (3) In order to be identified as a political committee in compliance with the voluntary expenditure
14 limits of this section, the committee's expenditures, as described in subsection (2), may not exceed
15 \$150,000.

16 (4) ~~Beginning January 1, 1997, any~~ A political committee that files with the commissioner a sworn
17 statement to abide by the voluntary expenditure limits of this section but that exceeds those limits shall
18 pay a fine of \$5,000 to the commissioner. This money must be deposited in a separate fund to be used
19 to support the enforcement programs of the office of the commissioner."

20
21 NEW SECTION. Section 4. Codification instruction. [Section 2] is intended to be codified as an
22 integral part of Title 13, chapter 35, part 2, and the provisions of Title 13, chapter 35, part 2, apply to
23 [section 2].

24
25 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.

26 -END-