

State of Misconsin 2015 - 2016 LEGISLATURE

LRB-1515/1 ARG&JK:jld:jf

# **2015 ASSEMBLY BILL 55**

February 23, 2015 – Introduced by Representatives Wachs, Genrich, C. Taylor, Hebl, Doyle, Pope, Sinicki, Berceau, Danou, Sargent, Kolste, Subeck, Bowen, Ohnstad, Johnson, Hesselbein, Considine, Barca and Zamarripa, cosponsored by Senators Wirch, Carpenter, Risser, Harris Dodd and Lassa. Referred to Committee on Financial Institutions.

1 AN ACT to create 180.0750 and 180.1540 of the statutes; relating to: 2 shareholder objections to corporate political expenditures.

#### Analysis by the Legislative Reference Bureau

Current law defines "disbursement," for purposes relating to campaign financing, to include a purchase, payment, loan, or gift made for political purposes; an authorized expenditure from a campaign depository account; and a payment for a broadcast or print communication to the general public for a political purpose.

This bill requires corporations to give written notice to their shareholders before making disbursements, as defined under current campaign finance law. The corporation is required to give only one notice for each corporate fiscal year. The notice must include a form that the shareholder may complete and return to the corporation to object to any disbursement during the applicable fiscal year.

The bill requires a corporation, within three months after the end of its fiscal year, to calculate the total value of its expenditures for disbursements made during the fiscal year. If an objecting shareholder returns the objection form to the corporation (opts out) within 30 days after the date stated on the corporation's notice, the corporation must, within four months after the end of its fiscal year, do all of the following: 1) pay the objecting shareholder an amount determined by multiplying the total value of corporate expenditures for disbursements by the objecting shareholder's percentage of ownership in the corporation; and 2) provide the objecting shareholder with the corporation's calculation of the total value of its expenditures for disbursements made during the fiscal year, along with information related to the calculation.

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The provisions of the bill also apply to foreign corporations authorized to transact business in this state, with respect to resident shareholders and disbursements involving political activity or political purposes related to this state.

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# The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

**SECTION 1.** 180.0750 of the statutes is created to read:

#### 2 **180.0750** Shareholder objection to corporate political expenditures.

- 3 (1) In this section, "disbursement" has the meaning given in s. 11.01 (7).
- 4 (2) (a) For each corporate fiscal year, before making any disbursement, a
  5 corporation shall give written notice to its shareholders of its intent to make one or
  6 more disbursements during that fiscal year. The corporation is required to give only
  7 one notice under this paragraph for each corporate fiscal year, which notice may
  8 coincide with notice of the corporation's annual shareholders' meeting.
- 9 (b) For purposes of par. (a), a corporation may establish a record date for
  10 determining the shareholders entitled to notice under par. (a).
- (c) The notice under par. (a) shall be dated and shall include a form that the
  shareholder may complete and return to the corporation to express objection to any
  disbursement during the applicable fiscal year. This form shall clearly identify the
  applicable address for returning the form by U.S. mail and any other acceptable
  method for return of the form.
- (3) Any shareholder receiving notice under sub. (2) may object to the
  corporation's making of disbursements during the applicable fiscal year by
  completing the form specified in sub. (2) (c) and returning it to the corporation within
  30 days after the date stated on the notice.

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<ul> <li>made during that fiscal year.</li> <li>(b) If a corporation receives a timely objection from a shareholder under set</li> <li>(3), within 4 months after the end of the fiscal year for which the objection applie</li> <li>the corporation shall do all of the following:</li> <li>1. Notwithstanding s. 180.0640, make payment to the objecting shareholder's an amount determined by multiplying the total value of corporate expenditures</li> <li>disbursements calculated under par. (a) by the objecting shareholder's percentage</li> <li>ownership in the corporation. For purposes of this subdivision, the objecting shareholder's percentage of ownership is determined according to the number</li> <li>shareholder's percentage of ownership is determined according to the number</li> <li>shares held by the objecting shareholder as of the record date under sub. (2) (b)</li> <li>if there is none, as of the date of the notice under sub. (2) (a), divided by the to</li> <li>number of issued and outstanding shares of the corporation.</li> <li>Provide the objecting shareholder with the corporation's calculation und</li> <li>par. (a), along with detailed information as to the method and figures used in make</li> <li>the calculation.</li> <li>SECTION 2. 180.1540 of the statutes is created to read:</li> <li>180.1540 Shareholder objection to corporate political expenditure</li> <li>(a) "Disbursement" has the meaning given in s. 11.01 (7) but is limited</li> <li>political activity or political purposes related to this state.</li> </ul>	1	(4) (a) Not later than 3 months after the end of each corporate fiscal year, a
<ul> <li>(b) If a corporation receives a timely objection from a shareholder under si</li> <li>(3), within 4 months after the end of the fiscal year for which the objection appli</li> <li>the corporation shall do all of the following: <ol> <li>Notwithstanding s. 180.0640, make payment to the objecting shareholder</li> <li>an amount determined by multiplying the total value of corporate expenditures</li> <li>disbursements calculated under par. (a) by the objecting shareholder's percentage</li> <li>ownership in the corporation. For purposes of this subdivision, the objecti</li> <li>shareholder's percentage of ownership is determined according to the number</li> <li>shares held by the objecting shareholder as of the record date under sub. (2) (b)</li> <li>if there is none, as of the date of the notice under sub. (2) (a), divided by the to</li> <li>number of issued and outstanding shares of the corporation's calculation und</li> <li>par. (a), along with detailed information as to the method and figures used in make</li> <li>the calculation.</li> </ol> </li> <li>SECTION 2. 180.1540 of the statutes is created to read:</li> <li>180.1540 Shareholder objection to corporate political expenditure</li> <li>(1) In this section: <ol> <li>(a) "Disbursement" has the meaning given in s. 11.01 (7) but is limited</li> <li>political activity or political purposes related to this state.</li> <li>(b) "Foreign corporation" means a foreign corporation authorized to trans</li> </ol> </li> </ul>	2	corporation shall calculate the total value of its expenditures for disbursements
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<ol> <li>Notwithstanding s. 180.0640, make payment to the objecting shareholder</li> <li>an amount determined by multiplying the total value of corporate expenditures</li> <li>disbursements calculated under par. (a) by the objecting shareholder's percentage</li> <li>ownership in the corporation. For purposes of this subdivision, the objecti</li> <li>shareholder's percentage of ownership is determined according to the number</li> <li>shares held by the objecting shareholder as of the record date under sub. (2) (b)</li> <li>if there is none, as of the date of the notice under sub. (2) (a), divided by the to</li> <li>number of issued and outstanding shares of the corporation.</li> <li>2. Provide the objecting shareholder with the corporation's calculation under</li> <li>par. (a), along with detailed information as to the method and figures used in make</li> <li>the calculation.</li> <li>SECTION 2. 180.1540 of the statutes is created to read:</li> <li>180.1540 Shareholder objection to corporate political expenditure</li> <li>(1) In this section:         <ul> <li>(a) "Disbursement" has the meaning given in s. 11.01 (7) but is limited</li> <li>political activity or political purposes related to this state.</li> <li>(b) "Foreign corporation" means a foreign corporation authorized to trans</li> </ul> </li> </ol>	5	(3), within 4 months after the end of the fiscal year for which the objection applies,
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<ul> <li>disbursements calculated under par. (a) by the objecting shareholder's percentage</li> <li>ownership in the corporation. For purposes of this subdivision, the objecting</li> <li>shareholder's percentage of ownership is determined according to the number</li> <li>shares held by the objecting shareholder as of the record date under sub. (2) (b)</li> <li>if there is none, as of the date of the notice under sub. (2) (a), divided by the to</li> <li>number of issued and outstanding shares of the corporation.</li> <li>2. Provide the objecting shareholder with the corporation's calculation und</li> <li>par. (a), along with detailed information as to the method and figures used in make</li> <li>the calculation.</li> <li>SECTION 2. 180.1540 of the statutes is created to read:</li> <li>180.1540 Shareholder objection to corporate political expenditure</li> <li>(1) In this section:</li> <li>(a) "Disbursement" has the meaning given in s. 11.01 (7) but is limited</li> <li>political activity or political purposes related to this state.</li> <li>(b) "Foreign corporation" means a foreign corporation authorized to trans</li> </ul>	7	1. Notwithstanding s. 180.0640, make payment to the objecting shareholder of
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<ul> <li>SECTION 2. 180.1540 of the statutes is created to read:</li> <li>19 180.1540 Shareholder objection to corporate political expenditure</li> <li>20 (1) In this section:</li> <li>21 (a) "Disbursement" has the meaning given in s. 11.01 (7) but is limited</li> <li>22 political activity or political purposes related to this state.</li> <li>23 (b) "Foreign corporation" means a foreign corporation authorized to transport to trans</li></ul>	16	par. (a), along with detailed information as to the method and figures used in making
<ul> <li>19 180.1540 Shareholder objection to corporate political expenditure</li> <li>20 (1) In this section:</li> <li>21 (a) "Disbursement" has the meaning given in s. 11.01 (7) but is limited</li> <li>22 political activity or political purposes related to this state.</li> <li>23 (b) "Foreign corporation" means a foreign corporation authorized to transport</li> </ul>	17	the calculation.
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23 (b) "Foreign corporation" means a foreign corporation authorized to trans	21	(a) "Disbursement" has the meaning given in s. 11.01 (7) but is limited to
	22	political activity or political purposes related to this state.
24 business in this state.	23	(b) "Foreign corporation" means a foreign corporation authorized to transact
	24	business in this state.

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(c) "Shareholder" means a foreign corporation's shareholder that is a resident
 of this state.

(2) (a) For each corporate fiscal year, before making any disbursement, a
foreign corporation shall give written notice to its shareholders of its intent to make
one or more disbursements during that fiscal year. The foreign corporation is
required to give only one notice under this paragraph for each corporate fiscal year,
which notice may coincide with notice of the foreign corporation's annual
shareholders' meeting.

9 (b) For purposes of par. (a), a foreign corporation may establish a record date
10 for determining the shareholders entitled to notice under par. (a).

(c) The notice under par. (a) shall be dated and shall include a form that the
shareholder may complete and return to the foreign corporation to express objection
to any disbursement during the applicable fiscal year. This form shall clearly
identify the applicable address for returning the form by U.S. mail and any other
acceptable method for return of the form.

(3) Any shareholder receiving notice under sub. (2) may object to the foreign
corporation's making of disbursements during the applicable fiscal year by
completing the form specified in sub. (2) (c) and returning it to the foreign corporation
within 30 days after the date stated on the notice.

(4) (a) Not later than 3 months after the end of each corporate fiscal year, a
foreign corporation shall calculate the total value of its expenditures for
disbursements made during that fiscal year.

(b) If a foreign corporation receives a timely objection from a shareholder under
sub. (3), within 4 months after the end of the fiscal year for which the objection
applies, the foreign corporation shall do all of the following:

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1	1. Notwithstanding s. 180.1505 (3) and any restriction under the law of the
2	foreign corporation's jurisdiction of formation, make payment to the objecting
3	shareholder of an amount determined by multiplying the total value of corporate
4	expenditures for disbursements calculated under par. (a) by the objecting
5	shareholder's percentage of ownership in the foreign corporation. For purposes of
6	this subdivision, the objecting shareholder's percentage of ownership is determined
7	according to the number of shares held by the objecting shareholder as of the record
8	date under sub. (2) (b) or, if there is none, as of the date of the notice under sub. (2)
9	(a), divided by the total number of issued and outstanding shares of the foreign
10	corporation.
11	2. Provide the objecting shareholder with the foreign corporation's calculation
12	under par. (a), along with detailed information as to the method and figures used in
13	making the calculation.
14	SECTION 3. Initial applicability.
15	(1) This act first applies with respect to disbursements made in corporate fiscal
16	years that begin on the effective date of this subsection.
17	SECTION 4. Effective date.

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18 (1) This act takes effect on the first day of the 4th month beginning after19 publication.

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#### (END)