



THE LEAGUE OF WOMEN VOTERS OF MARYLAND, INC.

TESTIMONY TO THE SENATE EDUCATION, HEALTH AND ENVIRONMENTAL AFFAIRS COMMITTEE

SB 501 - SHAREHOLDERS UNITED ACT

POSITION: SUPPORT

BY: BARBARA SCHNACKENBERG & NANCY SORENG CO-PRESIDENTS

DATE: FEBRUARY 25, 2016

We believe that, until actions are taken by the Supreme Court or Congress to bring elections back into the hands of the people, that disclosure is our best course to combat the undue influence of money in politics. According to a report by the Sunlight Foundations between 2007 and 2012, 200 of America's most politically active corporations spent a combined \$5.8 billion on federal lobbying and campaign contributions. <http://sunlightfoundation.com/blog/2014/11/17/fixd-fortunes-biggest-corporate-political-interests-spend-billions-get-trillions/> It seems only right that the shareholders be given the opportunity to know about and authorize such spending.

This legislation would prohibit corporations from using any money or other property in connection with a political expenditure without the advanced authorization of a majority of their shareholders. The shareholders would have to authorize the specific amount and purpose of the expenditure at an annual or special meeting of the shareholders. The bill does not say, but I would assume that the same proxy procedure would be in place for such decisions as is in place for other business decisions made by a Board of Directors of a corporation. The bill also requires notification to all shareholders within 48 hours after the political expenditure is made as well as posting that information on their web-site and reporting it in their annual report.

Following the Citizen's United decision, the League of Women Voters and other good government organizations worked diligently to pass the federal Disclose Act, but we were unable to convince Congress that this avenue, left open by the Supreme Court, was an appropriate way to shine light on the impact of money in politics. It has been left to the states to come up with a way to provide transparency in campaign spending by corporations.

We urge a favorable report on SB 501.