



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2433

PRINTER'S NO. 3351

PRIME SPONSOR: Webster

COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
General Fund	\$0	\$0

SUMMARY:

House Bill 2433 amends the act of June 3, 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code, to add an article entitled Corporate Political Contributions.

ANALYSIS:

Under the article entitled Corporate Political Contributions, this bill creates definitions for “association,” “Chief executive officer,” “contribution,” “corporation,” “foreign investor,” “general treasury money,” and “independent expenditure.

This bill creates a section entitled foreign-influenced corporations which prohibits a foreign-influenced corporation from making:

- An expenditure, or offering or agreeing to make an expenditure, to promote or defeat the candidacy of an individual for nomination or election to public office;
- A contribution or expenditure to promote or defeat a ballot question or to support or oppose a question for placement on the ballot;
- A contribution to a candidate for nomination, election, or appointment to a public office or to a candidate’s political committee;
- A contribution to a political party, political body, state committee, or political committee; and
- A contribution to another person with the express or implied condition that the contribution be used for any of the above prohibited purposes.

A corporation that makes a contribution or expenditure is required to submit a certification to the Department of State that the corporation was not a foreign-influenced corporation within seven (7) days after the contribution or expenditure is made and be signed by the corporation’s chief executive officer. If the activity requiring certification was a contribution to a political committee or political action committee that makes independent expenditures, the corporation would be required to additionally provide a copy of the certification to that committee. For purposes of the certification, the corporation would be required to use due diligence to ascertain beneficial ownership if it is registered on a national securities exchange, as provided under federal law. The corporation would be required to provide a copy of the statement of certification to any candidate or committee to which it contributes and, upon request of the recipient, to any other person to which it contributes.

This bill does not prohibit publication or broadcasting of news items or editorial comments by the news media.

An officer, manager, stockholder, member, agent, employee, attorney, or other representative of a corporation acting on behalf of the corporation who violates this article shall be subject of a civil penalty of up to 10 times the amount of the violation not to exceed \$10,000. An officer, manager, stockholder, member, agent, employee, attorney, or other representative of a corporation acting on behalf of the corporation who is convicted of knowingly violating this article is subject to a fine of not more than \$20,000, or imprisonment for a term of not more than five years, or both.

A corporation that violates this legislation would be subject to a civil penalty of up to 10 times the amount of the violation, but in no case more than \$10,000. A corporation convicted of knowingly violating this legislation would be subject to a fine of not more than \$40,000. A convicted domestic corporation could be dissolved as well as fined. If a foreign or nonresident corporation were to be convicted, in addition to the fine, the corporation's right to do business in the Commonwealth could be declared forfeited.

An individual or a corporation knowingly violates this legislation if, at the time of a transaction, the individual or the corporation knew that:

- The transaction causing the violation constituted a contribution; and
- The contributor was a foreign-influenced corporation subject to the prohibitions in this bill.

The bill further outlines permitted activities, outlines what is considered an aiding violation, and declares that the Attorney General shall have prosecutorial jurisdiction over all violations committed under this legislation.

FISCAL IMPACT:

This bill could have an impact on Commonwealth funds dependent on any potential violations and fine proceeds from those violations, but that impact is indeterminate.

PREPARED BY: Chris Fetterman, Special Advisor for Economic Development
House Appropriations Committee (D)

DATE: July 1, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.