
OLR Bill Analysis

sSB 461

AN ACT CONCERNING POLITICAL SPENDING AND STATE-GRANTED CORPORATE POWERS.

SUMMARY

This bill prohibits corporations (whether formed in Connecticut or authorized to conduct business here) from making expenditures (as defined under the state's campaign finance laws; see BACKGROUND) unless they are made by a corporation's political committee (PAC; see BACKGROUND).

The prohibition applies regardless of existing state law or any corporation's filed certificate of incorporation or the related bylaws. Corporations that violate this requirement may be subject to (1) administrative dissolution or (2) revocation of their certificate of authority to conduct business in the state (§ 1). (This prohibition may be seen as an unconstitutional condition on free speech and may be vulnerable to challenge as violating a corporation's constitutional First Amendment rights and existing U.S. Supreme Court precedent. Presumably, it does not affect a corporation's ability to make independent expenditures (IEs) under state or federal law (see BACKGROUND).)

Under current law, the state gives certain general powers to both for-profit and non-profit corporations formed or doing business here, such as the authority to make payments or donations or conduct other lawful acts to further the corporation's business affairs. The bill restricts these powers by adding the prohibition described above (§§ 2 & 5).

Under the bill, if the State Elections Enforcement Commission (SEEC) notifies the secretary of the state (SOTS) that it has determined a corporation formed under Connecticut law violated the prohibition, the secretary may notify the corporation, through an email as last shown in

her records, that it will be administratively dissolved. Unless, within 90 days after SOTS notifies the corporation, SEEC gives SOTS documentation of the corporation's appeal of the determination under the Uniform Administrative Procedures Act (UAPA), SOTS must file a certificate of administrative dissolution and note the reason. If SEEC notifies SOTS about an appeal, the dissolution is stayed. Once the appeal is resolved, SEEC must notify SOTS as to whether she must proceed with the dissolution. If so, she must file the certificate immediately (§§ 3 & 6).

The bill establishes substantially similar procedures for revoking foreign (non-Connecticut) corporations' certificate of authority to do business in the state for violating the bill's prohibition, but it does not provide a specific deadline for SOTS to wait for SEEC's notification of an appeal before she may proceed with the revocation (§§ 4 & 7).

(Presumably, under the bill, SOTS may choose not to notify the corporation, as the bill appears to give her discretion, and therefore not trigger the administrative dissolution or revocation procedures.)

EFFECTIVE DATE: January 1, 2027

BACKGROUND

Expenditures and Contributions Under Campaign Finance Law

Under state law an "expenditure," with certain exceptions, is generally any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, when made to promote the success or defeat of any candidate, referendum question, or political party (CGS § 9-601b).

Similarly, individuals and committees are limited in the amount of contributions they may give to candidates or other committees. With certain exceptions, contributions include expenditures and any gift, subscription, loan, advance, payment or deposit of money or anything of value, made to promote the success or defeat of any candidate, referendum question, or political party (CGS § 9-601a).

These limits vary depending on the type of contributor and the

receiving committee or candidate (for example, PACs formed by business entities may only give \$5,000 to a gubernatorial candidate that is not receiving public campaign funding).

Independent Expenditures

State law authorizes persons (including individuals, entities, and committees) to make unlimited IEs, which are expenditures made without the consent, coordination, or consultation of a (1) candidate or candidate's agent, (2) candidate committee, (3) PAC, or (4) party committee (CGS § 9-601c). Federal law has a similar definition and authorization (11 C.F.R. § 100.16).

PAC

A PAC is (1) a committee organized by a business entity or organization; (2) persons other than individuals, or two or more individuals organized or acting jointly conducting activities in or outside the state; (3) an exploratory committee; (4) a committee established by or on behalf of a slate of candidates in a primary for the office of justice of the peace, but not a candidate committee or a party committee; or (5) a legislative caucus or legislative leadership committee (CGS § 9-601(3)).

SEEC Authority

By law, SEEC receives complaints from SOTS, registrars of voters, town clerks, and individuals under oath about alleged election law violations. It investigates and holds hearings as it deems appropriate and may issue subpoenas and levy civil penalties (CGS § 9-7b(a)).

Related Case

In 2010, the U.S. Supreme Court ruled in *Citizens United v. Federal Election Commission*, that corporations and unions have the same political speech rights as individuals under the First Amendment. It found no compelling government interest for prohibiting corporations and unions from using their general treasury funds to make election-related independent expenditures. Correspondingly, it struck down a federal law banning this practice and overruled two of its prior decisions.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 13 Nay 6 (03/23/2026)