

## **BALLOT LANGUAGE FOR INITIATIVE NO. 194 (I-194)**

### **INITIATIVE NO. 194**

#### **A LAW PROPOSED BY INITIATIVE PETITION**

I-194, if passed, limits the powers of artificial persons to those powers necessary or convenient as provided by law. These powers must exclude contributing anything of value to candidate elections, supporting or opposing political parties, or supporting or opposing state or local ballot issues. Artificial persons include non-profits, trusts, partnerships, corporations, trade associations, or unincorporated associations and includes all such entities doing business in Montana. Any violation of I-194 is punished by forfeiting all privileges to do business in Montana. Those privileges may be, but are not automatically, restored upon disgorgement and certification of compliance with I-194. I-194 does not apply to the distribution of news, commentary, or editorial content. I-194 also does not apply to the state of Montana, political subdivisions, individuals, political committees, or public corporations.

☐ YES on Initiative I-194

☐ NO on Initiative I-194

## THE COMPLETE TEXT OF INITIATIVE NO. 194 (I-194)

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

NEW SECTION. **Section 1. Short title.** [Sections 1 through 10] may be cited as “The Montana Plan Act.”

NEW SECTION. **Section 2. Findings and purpose.** (1) The people of the state of Montana find that all political power is inherent in the people and that corporations and other artificial persons are creations of statute that exist only by virtue of powers affirmatively extended by the state.

(2) The creation, continued existence, and enjoyment of charter privileges by an artificial person are not natural rights; they are conditional grants of legal status made by the state of Montana and accepted subject to the state’s reserved authority to define, limit, revise, or withdraw the powers and privileges it confers.

(3) The people find that Montana law has historically included broad grants of powers to artificial persons, including powers described as necessary or convenient to lawful purposes, and that these broad formulations have more recently been construed to include the legal capacity to expend money or anything of value to support or oppose the outcome of a vote of the electorate.

(4) The people find that, because the general grants of powers to artificial persons have been construed to include political spending power in a manner that does not reflect the will of the people, it is therefore necessary to enact [sections 1 through 10] to redefine those grants and make their limits explicit, so that the legal privileges conferred on artificial persons by the people through the state are not used to compromise the integrity of the people’s political process.

(5) The people find that every artificial person formed under the laws of this state, or authorized to transact business or hold property in this state, has accepted its legal status and any charter privileges subject to the continuing authority of the state to define the scope of its powers, that an artificial person has not acquired a vested right to the continuation of a particular statutory grant of power, and that this principle is well established in law.

(6) The purposes of [sections 1 through 10] are to:

(a) establish that state-conferred legal status and charter privileges are granted to an artificial person only on the condition that the artificial person operate within the powers extended by the state;

(b) make explicit that political spending power is not among the powers extended to artificial persons, except as expressly provided by law for political committees;

(c) establish a single, uniform definition of the powers extended to artificial persons under [sections 1 through 10];

(d) provide clear and enforceable consequences for the exercise of political spending power not extended by the state; and

(e) leave wholly undisturbed the constitutional rights of natural persons.

**NEW SECTION. Section 3. Definitions.** As used in [sections 1 through 10], and solely for the purposes of defining the scope of artificial-person powers and the consequences that attach to acts outside that scope, the following definitions apply:

(1) “Artificial person” means an entity whose existence, legal status, or limited liability shield is conferred by the laws of the state of Montana, including an entity organized or existing under the laws of another jurisdiction that is authorized to transact business, is otherwise transacting business, or holds property in Montana. An entity organized or existing under the laws of another jurisdiction that directly or indirectly undertakes, finances, or directs the exercise of political spending power in the state of Montana is conclusively considered to be transacting business in this state for the purposes of [sections 1 through 10].

(2) “Artificial-person powers” means powers necessary or convenient to carry out lawful business, charitable, cooperative, or organizational purposes as provided by Montana law, excluding political spending power. Political spending power may not be deemed necessary or convenient under any circumstances.

(3) “Charter privilege” means any legal benefit that exists only because the state of Montana confers it on an artificial person, including limited liability, perpetual duration, succession in entity name, or any statutory limitation on personal liability.

(4) (a) “Political spending power” means the legal capacity to pay, contribute, or expend money or anything of value to support or oppose:

(i) a candidate, political party, or political committee in an election held in this state; or

(ii) any initiative, referendum, recall, constitutional amendment, charter amendment, or other question formally certified or submitted to the electors of this state or any political subdivision of the state.

(b) The term does not include the distribution of bona fide news, commentary, or editorial content unless the publishing entity is owned or controlled by a political party, a political committee, or a candidate.

(c) Political spending power may be exercised by political committees, as provided by law.

**NEW SECTION. Section 4. General rule -- political spending power not extended.** (1)

Except as expressly provided by law for political committees, the state of Montana does not extend political spending power to an artificial person, and an artificial person subject to [sections 1 through 10] does not possess any legal capacity to expend money or anything of value to support or oppose the outcome of a vote of the electorate.

(2) The absence of political spending power under [sections 1 through 10] is a condition of state-conferred legal status and charter privileges. An artificial person that exercises political spending power not extended by the state acts outside the powers granted as a condition of that status.

**NEW SECTION. Section 5. Applicability.** (1) [Sections 1 through 10] apply to all artificial persons formed, organized, or existing under the laws of the state of Montana.

(2) [Sections 1 through 10] apply to an artificial person organized or existing under the laws of another jurisdiction that is authorized to transact business, is otherwise transacting business, or holds property in the state.

(3) [Sections 1 through 10] apply to any trust, statutory trust, business trust, or similar arrangement to the extent Montana law confers limited liability, perpetual duration, succession in name, or any other charter privilege by reason of that form.

(4) [Sections 1 through 10] do not apply to:

- (a) natural persons acting solely in an individual capacity;
- (b) the state of Montana or any agency, authority, or political subdivision of the State; or
- (c) a public body corporate and politic expressly identified as corporate and politic by statute.

(5) [Sections 1 through 10] do not restrict the lawful activities of political committees organized under Montana law or federal law.

**NEW SECTION. Section 6. Exercise of political spending power beyond the scope of authority -- voidness -- nonratification.** (1) An act by an artificial person that constitutes an exercise of political spending power not extended by the state under [sections 1 through 10] is beyond the scope of authority and void.

(2) An act described in subsection (1):

(a) is void from the beginning;

(b) may not be ratified, validated, or given effect by consent, waiver, estoppel, reliance, course of dealing, or any other equitable doctrine; and

(c) creates no enforceable rights, obligations, or defenses.

(3) The character of an act that is beyond the scope of authority under this section arises solely from the absence of political spending power as a condition of state-conferred legal status and charter privileges.

**NEW SECTION. Section 7. Forfeiture of charter privileges -- reinstatement.** (1) An artificial person that exercises political spending power not extended by the state under [sections 1 through 10] forfeits all charter privileges as a matter of law.

(2) Charter privileges forfeited under subsection (1) include, without limitation:

(a) limited liability;

(b) perpetual duration;

(c) succession in entity name; and

(d) any statutory limitation on personal liability conferred by Montana law.

(3) Forfeiture under this section applies only to charter privileges conferred by Montana law. [Sections 1 through 10] do not purport to affect privileges conferred by the laws of another jurisdiction.

(4) An artificial person whose charter privileges are forfeited under this section may be reinstated only pursuant to procedures enacted or administered by the state and only upon:

(a) full disgorgement of all money or things of value expended, contributed, or transferred in the exercise of political spending power;

(b) certification of future compliance with [sections 1 through 10]; and

(c) satisfaction of any additional conditions the legislature or a designated state authority considers appropriate.

(5) Disgorgement under subsection (4)(a) is required regardless of whether the political spending supported or opposed a position that prevailed or failed in the outcome of a vote of the electorate.

**NEW SECTION. Section 8. Administration and enforcement.** (1) The secretary of state shall adopt rules and procedures necessary to implement and enforce [sections 1 through 10], including procedures governing forfeiture, reinstatement, disgorgement, certification of compliance, notice, and the opportunity to be heard consistent with due process.

(2) The attorney general has the authority and responsibility to bring actions to enforce [sections 1 through 10], including actions seeking declaratory relief, injunctive relief, disgorgement, and confirmation or enforcement of forfeiture.

(3) The authority granted under this section is in addition to any other enforcement authority provided by law.

**NEW SECTION. Section 9. Supersession of inconsistent law.** (1) The powers of an artificial person under Montana law are limited to artificial-person powers as defined in [section 3].

(2) A provision of Title 35, or any other law of this state may not be construed to extend political spending power to an artificial person except as expressly provided by law for political committees.

(3) A statutory grant of power, authority, or capacity that could otherwise be construed to include political spending power is superseded by [sections 1 through 10] and must be given no effect.

**NEW SECTION. Section 10. Effect on organizational documents.** A provision of articles of incorporation, articles of organization, partnership agreements, operating agreements, bylaws, trust instruments, or other organizational documents purporting to grant or confer political spending power is void.

**NEW SECTION. Section 11. Savings Clause.** (1) [This act] does not invalidate, impair, or modify any contract, debt instrument, security, or other legal obligation lawfully entered into before [the effective date of [this act]].

(2) [This act] does not authorize the exercise of political spending power after [the effective date of [this act]].

**NEW SECTION. Section 12. Severability -- nonrevival.** (1) If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

(2) A power, privilege, or capacity withdrawn or not extended by [this act] may not be revived, reinstated, or implied by operation of law or judicial construction.

NEW SECTION. **Section 13. Codification instruction.** [Sections 1 through 10] are intended to be codified as a new chapter in Title 35, and the provisions of Title 35 apply to [sections 1 through 10].

NEW SECTION. **Section 14. Effective date.** If approved by the electorate, [this act] is effective January 1, 2027.