AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1087
OFFERED BY MR. FOSTER OF ILLINOIS

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Shareholder Political Transparency Act of 2021”.

SEC. 2. FINDINGS.

Congress finds that—

(1) corporations make significant political contributions and expenditures that directly or indirectly influence the election of candidates and support or oppose political causes;

(2) decisions to use corporate funds for political contributions and expenditures are usually made by corporate boards and executives, rather than shareholders;

(3) corporations, acting through boards and executives, are obligated to conduct business for the best interests of their owners, the shareholders;
(4) historically, shareholders have not had a way to know, or to influence, the political activities of corporations they own;

(5) shareholders and the public have a right to know how corporate managers are spending company funds to make political contributions and expenditures benefitting candidates, political parties, and political causes; and

(6) corporations should be accountable to shareholders in making political contributions or expenditures affecting Federal governance and public policy.

SEC. 3. REPORTING REQUIREMENTS.

Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) is amended by adding at the end the following:

“(s) Reporting Requirements Relating to Certain Political Expenditures.—

“(1) Definitions.—In this subsection:

“(A) Expenditure for Political Activities.—The term ‘expenditure for political activities’—

“(i) means—

“(I) an independent expenditure

(as defined in section 301(17) of the
Federal Election Campaign Act of 1971 (52 U.S.C. 30101(17));

“(II) an electioneering communication (as defined in section 304(f)(3) of that Act (52 U.S.C. 30104(f)(3))) and any other public communication (as defined in section 301(22) of that Act (52 U.S.C. 30101(22))) that would be an electioneering communication if it were a broadcast, cable, or satellite communication; or

“(III) dues or other payments to trade associations or organizations described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of that Code that are, or could reasonably be anticipated to be, used or transferred to another association or organization for the purposes described in subclause (I) or (II); and

“(ii) does not include—
“(I) direct lobbying efforts through registered lobbyists employed or hired by the issuer;

“(II) communications by an issuer to its shareholders and executive or administrative personnel and their families; or

“(III) the establishment and administration of contributions to a separate segregated fund to be utilized for political purposes by a corporation.

“(B) ISSUER.—The term ‘issuer’ does not include an investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a–8).

“(2) QUARTERLY REPORTS.—

“(A) Reports required.—Not later than 180 days after the date of enactment of this subsection, the Commission shall amend the reporting rules under this section to require each issuer with a class of equity securities registered under section 12 of this title to submit to the Commission and the shareholders of the issuer a quarterly report containing—
“(i) a description of any expenditure for political activities made during the preceding quarter;

“(ii) the date of each expenditure for political activities;

“(iii) the amount of each expenditure for political activities;

“(iv) if the expenditure for political activities was made in support of or in opposition to a candidate, the name of the candidate and the office sought by, and the political party affiliation of, the candidate; and

“(v) the name or identity of trade associations or organizations described in section 501(c) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code which receive dues or other payments as described in paragraph (1)(A)(i)(III).

“(B) PUBLIC AVAILABILITY.—The Commission shall ensure that the quarterly reports required under this paragraph are publicly available through the Internet website of the Commission and through the EDGAR system in
a manner that is searchable, sortable, and downloadable, consistent with the requirements under section 24.

“(3) ANNUAL REPORTS.—Not later than 180 days after the date of enactment of this subsection, the Commission shall, by rule, require each issuer to include in the annual report of the issuer to shareholders—

“(A) a summary of each expenditure for political activities made during the preceding year in excess of $10,000, and each expenditure for political activities for a particular election if the total amount of such expenditures for that election is in excess of $10,000;

“(B) a description of the specific nature of any expenditure for political activities the issuer intends to make for the forthcoming fiscal year, to the extent the specific nature is known to the issuer; and

“(C) the total amount of expenditures for political activities intended to be made by the issuer for the forthcoming fiscal year.”.

SEC. 4. REPORTS.

(a) SECURITIES AND EXCHANGE COMMISSION.—The Securities and Exchange Commission shall—
(1) conduct an annual assessment of the compliance of issuers with section 13(s) of the Securities Exchange Act of 1934, as added by section 3; and

(2) submit to Congress an annual report containing the results of the assessment under paragraph (1).

(b) GOVERNMENT ACCOUNTABILITY OFFICE.—The Comptroller General of the United States shall periodically evaluate and report to Congress on the effectiveness of the oversight by the Securities and Exchange Commission of the reporting and disclosure requirements under section 13(s) of the Securities Exchange Act of 1934, as added by section 3.