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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 398

02/06/2013 Authored by Atkins, Bernardy, Winkler, Mahoney, Lillie and others  
The bill was read for the first time and referred to the Committee on Elections

1.1 A bill for an act  
1.2 relating to corporations; providing that business corporations do not have  
1.3 the power to make corporate independent political expenditures; amending  
1.4 Minnesota Statutes 2012, section 302A.165; proposing coding for new law in  
1.5 Minnesota Statutes, chapter 302A.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2012, section 302A.165, is amended to read:

1.8 **302A.165 EFFECT OF LACK OF POWER; ULTRA VIRES.**

1.9 Except as otherwise provided in section 302A.167, the doing, continuing, or  
1.10 performing by a corporation of an act, or an executed or wholly or partially executory  
1.11 contract, conveyance or transfer to or by the corporation, if otherwise lawful, is not invalid  
1.12 because the corporation was without the power to do, continue, or perform the act, contract,  
1.13 conveyance, or transfer, unless the lack of power is established in a court in this state:

1.14 (a) In a proceeding by a shareholder against the corporation to enjoin the doing,  
1.15 continuing, or performing of the act, contract, conveyance, or transfer. If the unauthorized  
1.16 act, continuation, or performance sought to be enjoined is being, or to be, performed  
1.17 or made pursuant to a contract to which the corporation is a party, the court may, if  
1.18 just and reasonable in the circumstances, set aside and enjoin the performance of the  
1.19 contract and in so doing may allow to the corporation or to the other parties to the contract  
1.20 compensation for the loss or damage sustained as a result of the action of the court in  
1.21 setting aside and enjoining the performance of the contract;

1.22 (b) In a proceeding by or in the name of the corporation, whether acting directly or  
1.23 through a legal representative, or through shareholders in a representative or derivative  
1.24 suit, against the incumbent or former officers or directors of the corporation for exceeding

2.1 or otherwise violating their authority, or against a person having actual knowledge of  
2.2 the lack of power; or

2.3 (c) In a proceeding by the attorney general, as provided in section 302A.757,  
2.4 to dissolve the corporation, or in a proceeding by the attorney general to enjoin the  
2.5 corporation from the transaction of unauthorized business.

2.6 Sec. 2. **[302A.167] INDEPENDENT CORPORATE EXPENDITURES**  
2.7 **PROHIBITED.**

2.8 A corporation organized under this chapter does not have the power to make  
2.9 corporate independent political expenditures.