

RULES FOR SEPARATE SEGREGATED ACCOUNT FOR CAMPAIGN CONTRIBUTIONS

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<http://www.house.mi.gov/hfa>

Senate Bill 571 (as reported from House committee)

Sponsor: Sen. Mike Kowall

House Committee: Elections

Senate Committee: Elections and Government Reform

Complete to 12-9-15

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 571 would amend the Michigan Campaign Finance Act by allowing organizations to direct the contributions made to a separate fund initially into their general fund, for subsequent transmission to the separate fund, as long as they fulfill recording and reporting requirements specified in the bill.

Essentially, a "connected organization" (defined below) may set up a separate fund to be used solely for political purposes, and funds intended for that fund may be collected or made payable to the connected organization and then subsequently transmitted to the separate fund. As long as the connected organization fulfills four requirements, these funds are not considered commingled funds.

The bill defines "connected organization" as a corporation organized on a for-profit or nonprofit basis, a joint stock company, a domestic dependent sovereign, or a labor organization formed under applicable laws, that forms the separate fund described above.

The four requirements which the connected organization must fulfill in order for the funds to not be considered commingled follow.

- The individual making the contribution must either:
 - **Specifically indicate** which portion of the contribution is intended for the separate segregated fund. This indication must be recorded or electronically recorded, and may include all or part of the contribution; OR
 - Remit a **written instrument** specifying what part of the contribution is intended for the separate segregated fund. This may include a pre-filled out solicitation, which specifically requests a certain amount, part of which is designated for the separate fund. In this case, the connected organization must maintain a record or electronic record of the contribution;
- The connected organization must **transmit the entire amount** of the contribution, individually or aggregated with other contributions, to the separate segregated fund electronically or by written instrument;
- The **transmission must be accompanied by or logically associated with a record or electronic record**, setting forth all information required in Section 26 of the Act (reporting requirements). Section 26 applies to campaign contributions, and requires

information on the contributor, including name, address, amount contributed, date of contribution, and cumulative amount contributed by that individual. Employment information may also be required if the individual has contributed more than \$100; AND

- The connected organization must **internally account** for the contribution in a manner that distinguishes it from general treasury funds, and must document other information about the individual contributor.

The bill defines "commingled" as blended together so that funds of a committee or separate segregated fund are mixed with funds that are prohibited for uses under the Campaign Finance Act. This term would not include a contribution received by a person for transmission to a separate segregated fund (as described above). This term would also not include a contribution to a committee as long as:

- *The reporting requirements in Section 26 (described above) are met;*
- *The individual making the contribution is the original source of the contribution;*
- *The contribution is not obtained by force or coercion, as a condition of employment or membership, or by using or threatening job discrimination or financial reprisals; and*
- *Only the individual making the contribution exercises any control over it.*

Under Senate Bill 571, contributions by individuals at for-profit corporations, joint stock companies, nonprofit corporations, labor organizations, or domestic dependent sovereign may still not be made passively (e.g. reverse checkoff method), but may still be made actively (e.g. payroll deduction plan). This bill retains the requirement that individuals affirmatively consent to the contribution, but removes the requirement that they do so once in every calendar year.

MCL 169.203, 169.206, and 169.255

HOUSE COMMITTEE ACTION:

The House Committee reported out the Senate-passed bill without amendment.

FISCAL IMPACT:

The bill would not have a fiscal impact on the Department of State. There could be a cost to the state through the Department of Corrections since a conviction that results in a violation of the changes made in the bill would result in a felony.

There would be no cost to local governments. However, fines that would be collected under these violations would go to local libraries.

POSITIONS:

Michigan Corn Growers supports this bill. (12-2-15)

United States Steel supports this bill. (12-2-15)

AAA Michigan supports this bill. (12-2-15)

AT&T supports this bill. (12-2-15; 12-9-15)
The Michigan Chamber of Commerce supports this bill. (12-2-15)
Dow Chemical supports this bill. (12-2-15; 12-9-15)
The Saginaw Chamber of Commerce supports this bill. (12-2-15)
The Macomb County Chamber of Commerce supports this bill. (12-2-15)
DTE Energy supports this bill. (12-2-15; 12-9-15)
The Detroit Regional Chamber supports this bill. (12-2-15)
Allstate Insurance Company supports this bill. (12-2-15)
The Michigan Allstate Insurance Company Political Action Committee supports this bill.
(12-2-15)
The Lansing Regional Chamber of Commerce supports this bill. (12-2-15)
The Michigan Black Chamber supports this bill. (12-2-15)
The Grand Rapids Chamber of Commerce supports this bill. (12-2-15)
Consumers Energy supports this bill. (12-9-15)
The Michigan Bankers Association supports this bill. (12-9-15)
Michigan REALTORS supports this bill. (12-9-15)

The Michigan Department of State is neutral on this bill. (12-2-15)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.