

HOUSE BILL No. 6282

August 15, 2018, Introduced by Reps. LaGrand, Rabhi, Hoadley, Sowerby, Geiss, Zemke, Moss, Chang and Greimel and referred to the Committee on Elections and Ethics.

A bill to regulate political activity; to require state legislators and candidates for state legislative office to file financial statements and reports; to prescribe the powers and duties of certain state officers and agencies; to impose fees; to prescribe penalties and civil sanctions; and to provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "legislative branch personal financial disclosure act".

3 Sec. 2. As used in this act:

4 (a) "Bureau of elections" means the bureau provided for by
5 section 32 of the Michigan election law, 1954 PA 116, MCL 168.32.

6 (b) "Candidate" means that term as defined in section 3 of the

1 Michigan campaign finance act, 1976 PA 388, MCL 169.203.

2 (c) "Candidate for legislative office" means a candidate for
3 the office of state senator or state representative.

4 (d) "Earned income" means salaries, tips, or other
5 compensation, and net earnings from self-employment for the taxable
6 year.

7 (e) "Immediate family of an individual" means a dependent
8 child or spouse of that individual or a person claimed by that
9 individual or that individual's spouse as a dependent for federal
10 income tax purposes.

11 (f) "Income" means money or any thing of value received, or to
12 be received as a claim on future services, whether in the form of a
13 fee, salary, expense, allowance, forbearance, forgiveness,
14 interest, dividend, royalty, rent, capital gain, or any other form
15 of recompense that is considered income under the internal revenue
16 code of 1986, 26 USC 1 to 9834.

17 (g) "Principal residence" means that term as defined under
18 section 7dd of the general property tax act, 1893 PA 206, MCL
19 211.7dd.

20 (h) "State legislator" means the holder of an office described
21 in subdivision (c).

22 Sec. 3. (1) If an individual is a state legislator at any time
23 during a calendar year, that individual shall file with the bureau
24 of elections by May 1 of the following year a report that meets the
25 requirements of section 4. This subsection does not apply to an
26 individual who was a state legislator only on the first day of the
27 calendar year.

1 (2) If an individual is a candidate for legislative office and
2 has not already filed a report under subsection (1) covering the
3 preceding calendar year, that individual shall file with the bureau
4 of elections a report that meets the requirements of section 4
5 within 30 days after the later of May 1 or the date on which the
6 individual forms a candidate committee as a candidate for state or
7 local office under section 21 of the Michigan campaign finance act,
8 1976 PA 388, MCL 169.221.

9 Sec. 4. (1) Except as provided in section 5, a report required
10 under section 3 must include a complete statement of all of the
11 following:

12 (a) The full name, mailing address, occupation of, and the
13 state office held or sought by, the individual filing the report.

14 (b) The name of each member of the immediate family of the
15 individual filing the report.

16 (c) The name, address, and principal activity of each employer
17 of the individual and of each member of the immediate family of the
18 individual filing the report during the calendar year covered by
19 the report.

20 (d) Both of the following, as applicable:

21 (i) The source and type of earned income received during the
22 preceding calendar year by the individual filing the report if the
23 total earned income from that source equals \$5,000.00 or more
24 during that calendar year.

25 (ii) The source and type of earned income received during the
26 preceding calendar year by each member of the immediate family of
27 the individual filing the report if the total earned income from

1 that source equals \$5,000.00 or more during that calendar year.

2 (e) The source and type of all other income not reported under
3 subdivision (d) that is received during the preceding calendar year
4 by the individual filing the report or a member of the immediate
5 family of that individual if the total income from that source
6 equals \$5,000.00 or more during that calendar year.

7 (f) Excluding a primary residence, the address of each parcel
8 of real property held during the preceding calendar year by the
9 individual filing the report or a member of the immediate family of
10 that individual if the real property had a fair market value of
11 \$50,000.00 or more at any time the real property was held during
12 the preceding calendar year. An individual filing a report may
13 exclude the street number of a parcel of real property listed under
14 this subdivision.

15 (g) A description of any stocks, bonds, commodities, futures,
16 shares in mutual funds, or other forms of securities held by the
17 individual filing the report or a member of the immediate family of
18 that individual during the preceding calendar year, if the total
19 aggregate value of a security had a fair market value of \$10,000.00
20 or more at any time the security was held during the preceding
21 calendar year.

22 (h) A description of any interest in 1 of the following types
23 of assets, if the interest in the asset has a value of \$10,000.00
24 or more at any time the asset was held during the preceding
25 calendar year:

26 (i) A qualified or nonqualified annuity.

27 (ii) A benefit under a qualified or nonqualified plan of

1 deferred compensation.

2 (iii) An account in, or benefit payable under, any pension,
3 profit-sharing, stock bonus, or other qualified retirement plan.

4 (iv) An individual retirement account or trust.

5 (v) A benefit under a plan or arrangement that is established
6 under section 401, 403, 408, 408A, or 457 of the internal revenue
7 code of 1986, 26 USC 401, 403, 408, 408A, and 457, or a similar
8 provision of the internal revenue code of 1986, 26 USC 1 to 9834.

9 (i) Except as otherwise provided under this subdivision, the
10 identity of all compensated positions held by the individual filing
11 the report or a member of the immediate family of that individual
12 during the preceding calendar year as an officer, director, member,
13 trustee, partner, proprietor, representative, employee, or
14 consultant of a corporation, limited liability company, limited
15 partnership, partnership, or other business enterprise; of a
16 nonprofit organization; of a labor organization; or of an
17 educational or other institution other than this state, if the
18 total compensation received from a position equals \$1,000.00 or
19 more during that calendar year. A position reported under this
20 subdivision must include the title of the position, the name of the
21 entity within which the position exists, and the principal activity
22 of the entity.

23 (j) If the individual filing the report or a member of the
24 immediate family of that individual was required during the
25 previous calendar year to register as a lobbyist or lobbyist agent
26 under section 7 of 1978 PA 472, MCL 4.417, the name, address, and
27 principal activity of all persons who gave compensation to or

1 reimbursed the individual or immediate family member for lobbying.
2 As used in this subdivision, "immediate family" includes the parent
3 of an individual and the spouse of a child of an individual.

4 (k) A description of any interest the individual filing the
5 report or a member of the immediate family of that individual has
6 in a legal entity that conducts business in this state, if the
7 interest has a book value of \$10,000.00 or more, unless the entity
8 has shares that are listed or traded over the counter or on an
9 organized exchange.

10 (2) Information an individual is required to report under this
11 section includes information with respect to the holdings of and
12 the income from a trust, blind trust, or other financial
13 arrangement from which income is received by, or with respect to
14 which a beneficial interest in principal or income is held by, an
15 individual required to file a report under this section or an
16 immediate family member of the individual. As used in this
17 subsection:

18 (a) "Beneficial interest" includes, but is not limited to, the
19 interest in a trust of a qualified trust beneficiary or a trust
20 beneficiary as those terms are defined in section 7103 of the
21 estates and protected individuals code, 1998 PA 386, MCL 700.7103.

22 (b) "Blind trust" means that term as defined in 5 CFR
23 2634.403.

24 Sec. 5. A person filing a report under section 3 may omit any
25 of the following:

26 (a) Information a person is required to report under the
27 Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

1 (b) An item otherwise required to be reported under section
2 4(1)(f) or (g) if all of the following apply:

3 (i) The item represents the sole financial interest and
4 responsibility of a member of the immediate family of the
5 individual filing the report about which the individual filing the
6 report does not have actual knowledge.

7 (ii) The item is not in any way, past or present, derived from
8 the income, assets, or activities of the individual filing the
9 report.

10 (iii) The individual filing the report does not derive, or
11 expect to derive, financial benefit from the item.

12 (c) An item that concerns a spouse who is living separate and
13 apart from the individual filing the report with the intention of
14 terminating the marriage or maintaining a legal separation.

15 (d) An item that concerns income or obligations of the
16 individual filing the report arising from dissolution of his or her
17 marriage or a permanent legal separation from his or her spouse.

18 (e) Compensation from a publicly held corporation that has
19 shares that are listed or traded over the counter or on an
20 organized exchange paid to a business owned by the individual
21 filing the report or in which the individual filing the report has
22 an interest, if the report under section 4 includes a complete
23 statement of the identity and value of that business.

24 (f) Benefits received under the social security act, chapter
25 531, 49 Stat 620.

26 Sec. 6. The bureau of elections shall do all of the following:

27 (a) Prepare and make available appropriate forms and

1 instructions for the reports required by this act.

2 (b) Receive reports required by this act.

3 (c) As soon as practicable, but not later than the end of the
4 business day on which a report required to be filed under this act
5 is received, make the report or all of the contents of the report
6 available without charge to the public on the internet at a single
7 website established and maintained by the secretary of state, and
8 not later than the third business day following the day on which
9 the report is received, make the report available for public
10 inspection and reproduction during regular business hours.

11 (d) Promulgate rules and issue declaratory rulings to
12 implement this act under the administrative procedures act of 1969,
13 1969 PA 306, MCL 24.201 to 24.328.

14 (e) Conduct investigations as necessary to determine whether
15 there is reason to believe that a violation of this act occurred.
16 The bureau of elections shall conduct an investigation under the
17 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
18 24.328.

19 Sec. 7. (1) A citizen of this state may file a complaint with
20 the bureau of elections alleging a violation of this act. If it
21 receives a complaint, the bureau of elections shall investigate the
22 allegations as provided in section 6.

23 (2) If the bureau of elections determines after an
24 investigation that there is reason to believe a violation of this
25 act occurred, the bureau of elections shall forward the results of
26 that investigation to the attorney general for enforcement of this
27 act. However, if the attorney general is the subject of the

1 complaint and the bureau of elections determines after an
2 investigation that there is reason to believe that the attorney
3 general violated this act, the bureau of elections shall instead
4 forward the results of the investigation to the prosecuting
5 attorney for Ingham County for enforcement of this act.

6 (3) The attorney general shall enforce this act against an
7 individual who violates this act.

8 Sec. 8. (1) An individual who fails to file a report as
9 required under this act shall pay a late filing fee of not more
10 than \$5,000.00, determined as follows:

11 (a) Twenty-five dollars for each of the first 10 business days
12 that the report remains unfiled.

13 (b) Fifty dollars for each business day after the first 10
14 business days that the report remains unfiled.

15 (2) If an individual required to file a report under this act
16 knowingly files an incomplete or inaccurate report, the individual
17 is guilty of a misdemeanor punishable by a fine of not more than
18 \$10,000.00.

19 (3) A default in the payment of a fee or civil fine due or
20 ordered under this act, or an installment of the fee or fine, may
21 be remedied by any means available under the revised judicature act
22 of 1961, 1961 PA 236, MCL 600.101 to 600.9947.

23 Enacting section 1. This act takes effect 90 days after the
24 date it is enacted into law.