A bill to regulate political activity; to require members of and candidates for the governing boards of certain state universities 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
"university board member financial disclosure act".

Sec. 2. As used in this act:

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

(b) "Candidate" means that term as defined in section 3 of the Michigan campaign finance act, 1976 PA 388, MCL 169.203.

(c) "Candidate for office" means a candidate for any of the following offices:

(i) Regent of the University of Michigan.

(ii) Member of the board of trustees of Michigan State University.

(iii) Member of the board of governors of Wayne State University.

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

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

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

(g) "Principal residence" means that term as defined under section 7dd of the general property tax act, 1893 PA 206, MCL 211.7dd.
(h) "State official" means the holder of an office described in subdivision (c).

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

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

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

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

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

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

(d) Both of the following, as applicable:

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

(ii) The source and type of earned income received during the
preceding calendar year by each member of the immediate family of
the individual filing the report if the total earned income from
that source equals $5,000.00 or more during that calendar year.

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

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

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

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

   (i) A qualified or nonqualified annuity.

   (ii) A benefit under a qualified or nonqualified plan of deferred compensation.

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

   (iv) An individual retirement account or trust.

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

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

   (j) If the individual filing the report or a member of the immediate family of that individual was required during the previous calendar year to register as a lobbyist or lobbyist agent under section 7 of 1978 PA 472, MCL 4.417, the name, address, and
principal activity of all persons who gave compensation to or reimbursed the individual or immediate family member for lobbying. As used in this subdivision, "immediate family" includes the parent of an individual and the spouse of a child of an individual.

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

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

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

(b) "Blind trust" means a qualified blind trust as defined in 5 CFR 2634.403.

Sec. 5. An individual filing a report under section 3 may omit any of the following:

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

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

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

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

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

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

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

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

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

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

(a) Prepare and make available appropriate forms and instructions for the reports required by this act.

(b) Receive reports required by this act.

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

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

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

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

(2) If the bureau of elections determines after an investigation that there is reason to believe a violation of this act occurred, the bureau of elections shall forward the results of that investigation to the attorney general for enforcement of this act. However, if the attorney general is the subject of the complaint and the bureau of elections determines after an investigation that there is reason to believe that the attorney general violated this act, the bureau of elections shall instead forward the results of the investigation to the prosecuting attorney for Ingham County for enforcement of this act.
(3) The attorney general shall enforce this act against an individual who violates this act.

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

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

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

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

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

Enacting section 1. This act takes effect May 1, 2020.