

MICHIGAN CAMPAIGN FINANCE ACT

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Senate Bill 1022 as passed by the Senate
Sponsor: Sen. David Robertson
House Committee: Elections and Ethics
Senate Committee: Elections and Government Reform
Complete to 12-18-18

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

SUMMARY:

Senate Bill 1022 would amend the Michigan Campaign Finance Act, primarily to allow a person to transfer unused money from a current candidate committee to another of the candidate's committees to pay off debts and obligations owed by the previous committee.

Candidate committee's unspent money

Section 45 of the Act lists the uses to which unspent money in a candidate committee may be put. Generally, a person may transfer unused funds from one of his or her candidate committees to another as long as the recipient committee has equal or greater contribution limits. The bill would create the following exception to that rule:

If the person was formerly a candidate for another state elective office, has not again become a candidate for that other state elective office, and the person's candidate committee for that office has not been terminated, the person may give unused money to that candidate committee for the sole purpose of, and in an amount not to exceed what is necessary for, repaying any outstanding debts and obligations of that committee. [Section 44 would limit those debts and obligations to those existing at the time the contribution was received from the terminating candidate committee.]

The transferred money would not be subject to campaign finance limits for money given to a campaign committee.

If the unspent money were transferred in this way and the person later became a candidate for the office in question, the Secretary of State would be allowed to assess a civil fine against any committee formed by that candidate for the same elective office if the original committee had been terminated. That fine could not exceed the amount of unspent money received by the committee.

In addition to the civil fine that could be assessed against the committee, the bill would provide that a person who knowingly violated this rule would be guilty of a misdemeanor. If the violator were an individual, the misdemeanor would be punishable by up to 90 days' imprisonment or a fine of up to \$1,000, or both. If the violator were not an individual, the misdemeanor would be punishable by a fine of up to \$10,000.

The bill would also allow that unused money in a candidate committee to be given to a political committee or an independent expenditure committee.

Purposes for which secondary depositories could be used

Section 21 of the Act limits a candidate committee to one account in a financial institution as the official depository for contributions and expenditures. It states that a candidate committee may only use secondary depositories to deposit contributions and promptly transfer the deposits to the official depository.

Committees other than candidate committees and committees not required to have a Michigan elector as their treasurer are currently allowed to use secondary depositories to deposit contributions and promptly transfer the deposits to the official depository, and also to deposit, divide, and transfer contributions that are aggregated with dues or other payments.

The bill would add a purpose for secondary depositories to all of these committees: to deposit the proceeds of a joint fundraiser and transfer each committee's share of receipts from the fundraiser.

Connected organization transfers and recordkeeping

Under the Act, connected organizations may solicit or obtain contributions for separate segregated accounts from union members and stockholders, among others, on an automatic basis as long as those individuals affirmatively consent to the contribution. The bill would require that the connected organization transfer those contributions (individually or aggregated) to the separate segregated fund electronically or by written instrument. The transfer would need to include information specified by the Act, including identifying information about each contributor.

MCL 169.205 et al.

FISCAL IMPACT:

The bill would have no significant fiscal impact on the state or local units of government. The bill's provision that the Department of State would be authorized to impose civil fines for violations of the bill could potentially result in one or more \$1,000 civil fines to be deposited into the state's general fund.

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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.