

Legislative Analysis



LOBBYING AND CAMPAIGN FINANCE REGULATIONS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5926 as introduced
Sponsor: Rep. David W. Martin

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

House Bill 5927 as introduced
Sponsor: Rep. Ken Borton

House Bill 5928 as introduced
Sponsor: Rep. Ann M. Bollin

House Bill 5929 as introduced
Sponsor: Rep. Beau Matthew LaFave

Committee: Elections and Ethics
Revised 6-21-22

SUMMARY:

House Bills 5926, 5927, 5928, and 5929 would add several new regulations to Michigan's current lobbying and campaign finance laws.

1978 PA 472, known as the lobbyist registration act, currently requires lobbyists to file and submit a report with the secretary of state (SOS) twice a year. Lobbyists and lobbying agencies must, generally speaking, report their expenditures in categories such as food and beverages, travel and lodging, and direct financial transactions with a *public official*. Lobbyists must maintain their own records of these expenditures for at least five years after filing an expenditure report with the SOS.

A *public official* is defined as an official in the legislative or executive branches of the state government.

The Michigan Campaign Finance Act regulates the ways in which candidates can receive and spend money, gifts, or other contributions. It requires political organizations to disclose their campaign spending and submit expenditure reports to the Department of State.

House Bill 5926 would add a new provision to the lobbyist registration act that would require the Department of State to create and maintain a searchable database for lobbyist and lobbyist agent expenditure reports. The database would have to be searchable by name and by expenditure amount.

The bill also would add *partisan legislative employees* to sections of the law regulating campaign finance reports and records, generally requiring lobbyists to record and disclose transactions with these employees in the same way that they are required to record and disclose transactions with public officials.

Partisan legislative employee would mean an individual employed by the Michigan Senate or House of Representatives to serve in a partisan position, but would not include current legislators.

MCL 4.413 et seq.

House Bill 5927 would create a new act prohibiting state legislators or their immediate family members from soliciting trips, travel, or lodging, or accepting reimbursement for such travel expenses. Violating the act would require the legislator or family member to reimburse the full amount of money received to its original source.

House Bill 5928 would amend the Michigan Campaign Finance Act to require the SOS to create and maintain a free online database of all campaign statements and all distribution expenditures. The SOS would be required to make a campaign spending report available to the public within three days of receiving it, and the SOS would be responsible for updating the filing system each time that the Michigan Campaign Finance Act is amended in a way that would modify how campaigns report their disclosures.

The bill would also explicitly require organizations providing campaign statements to include a “detailed description” of the purpose of each expenditure or disbursement over \$50.

MCL 169.216 et seq.

House Bill 5929 would add a new section to the Michigan Campaign Finance Act to prohibit candidates and their *immediate family members* from accepting campaign funds as wages. Candidates and their families would not be allowed to be paid through campaign accounts, an account associated with a political organization, an account associated with a candidate or elected official, or any other account regulated by the state’s campaign finance law. Reimbursements for campaign expenditures would not qualify as wages.

Immediate family member would mean a spouse, parent, sibling, or child.

The bill would also require campaign statements to indicate whether an expenditure over \$50 was made to a state employee.

MCL 129.226

FISCAL IMPACT:

House Bills 5926, 5927, and 5929 would have no fiscal impact on the state or local units of government.

House Bill 5928 would not have a significant fiscal impact on the SOS. The bill would require campaign financial reports and statements to be made publicly available on a website established and maintained by the SOS. The SOS currently has a free online

database for campaign finance statements through its existing electronic campaign filing system, the Michigan Electronic Reporting and Tracking System (MERTS), and any costs incurred from updating the website would be supported by the ongoing programming costs to maintain and improve that system.

If the bill would require the creation of a new filing system, as implied under subsection (6), rather than changes being made to an established website, as mentioned under subsection (1), any new programming costs may be supported by funding for the planned procurement for the replacement of MERTS, for which the solicitation process is projected to be completed by January, 2023. If compliance with the bill's provisions is required prior to completion of the successor system, SOS would incur additional costs for developing the database.

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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.