

**SUBSTITUTE FOR
HOUSE BILL NO. 4684**

A bill to amend 1968 PA 318, entitled
"An act to implement the provisions of section 10 of article 4 of the constitution relating to substantial conflicts of interest on the part of members of the legislature and state officers in respect to contracts with the state and the political subdivisions thereof; to provide for penalties for the violation thereof; to repeal all acts and parts of acts in conflict with this act; and to validate certain contracts,"

(MCL 15.301 to 15.310) by adding section 7a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 7a. (1) Not later than February 1 each year, a legislator**
2 **shall file with the committee, and with the secretary of the senate**
3 **or the clerk of the house of representatives, as applicable, a**
4 **confidential report that meets the requirements under this section.**

5 **(2) Except as otherwise provided under subsection (4), a**

1 report required under subsection (1) must contain a complete
2 statement of all of the following:

3 (a) The full name, mailing address, and occupation of the
4 individual filing the report.

5 (b) The name of each member of the immediate family of the
6 individual filing the report who is not a dependent child and the
7 number of members of the immediate family of the individual filing
8 the report who are dependent children.

9 (c) The name, address, and principal activity of each employer
10 of the individual and of each member of the immediate family of the
11 individual filing the report during the calendar year covered by
12 the report if the individual's or member's total earned income from
13 the employer equals \$5,000.00 or more during that calendar year.

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

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

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

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

28 (f) Excluding a primary residence, the address of each parcel
29 of real property held during the preceding calendar year by the

1 individual filing the report or a member of the immediate family of
2 that individual if the real property had a fair market value of
3 \$50,000.00 or more at any time the real property was held during
4 the preceding calendar year. An individual filing a report may
5 exclude the street number of a parcel of real property listed under
6 this subdivision.

7 (g) A description of any stocks, bonds, commodities, futures,
8 shares in mutual funds, or other forms of securities held by the
9 individual filing the report or a member of the immediate family of
10 that individual during the preceding calendar year, if the security
11 has a total aggregate fair market value of \$10,000.00 or more on
12 the date the report is filed.

13 (h) A description of any interest in any of the following
14 types of assets held by the individual filing the report or a
15 member of the immediate family of that individual, if the interest
16 in the asset has a value of \$10,000.00 or more on the date the
17 report was filed:

18 (i) A qualified or nonqualified annuity.

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

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

23 (iv) An individual retirement account or trust.

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

28 (i) The identity of all compensated positions held by the
29 individual filing the report or a member of the immediate family of

1 that individual during the preceding calendar year as an officer,
2 director, member, trustee, partner, proprietor, representative,
3 employee, or consultant of a corporation, limited liability
4 company, limited partnership, partnership, or other business
5 enterprise; of a nonprofit organization; of a labor organization;
6 or of an educational or other institution other than this state, if
7 the total compensation received from a position equals \$1,000.00 or
8 more during that calendar year. A position reported under this
9 subdivision must include the title of the position, the name of the
10 entity within which the position exists, and the principal activity
11 of the entity.

12 (j) If the individual filing the report or a member of the
13 immediate family of that individual was required during the
14 previous calendar year to register as a lobbyist or lobbyist agent
15 under section 7 of 1978 PA 472, MCL 4.417, the name, address, and
16 principal activity of all persons who gave compensation to or
17 reimbursed the individual or immediate family member for lobbying.
18 As used in this subdivision only, "immediate family member" also
19 includes the child of an individual, whether dependent or not,
20 parent of an individual, and spouse of a child of an individual.

21 (k) A description of any interest the individual filing the
22 report or a member of the immediate family of that individual had
23 during the preceding calendar year in a legal entity that conducts
24 business in this state, if the interest has a book value of
25 \$10,000.00 or more, unless the entity has shares that are listed or
26 traded over the counter or on an organized exchange.

27 (3) An individual is not required to disclose any value of any
28 real or personal property disclosed under subsection (2).

29 (4) An individual filing a report under subsection (1) may

1 omit the following from the report:

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

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

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

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

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

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

18 (d) An item that concerns income of the individual filing the
19 report or a member of the immediate family of that individual
20 arising from dissolution of the individual's or member's marriage
21 or a permanent legal separation from the individual's or member's
22 spouse.

23 (e) Compensation from a publicly held corporation that has
24 shares that are listed or traded over the counter or on an
25 organized exchange paid to a business owned by the individual
26 filing the report or in which the individual filing the report has
27 an interest, if the report under subsection (1) includes a complete
28 statement of the identity and value of that business.

29 (f) Benefits received under the social security act, chapter

1 531, 49 Stat 620.

2 (5) Subject to subsection (6), information an individual is
3 required to report under this section includes information with
4 respect to the income from a trust or other financial arrangement
5 from which income is received by, or with respect to which a
6 beneficial interest in principal or income is held by, an
7 individual required to file a report under this section or a member
8 of the immediate family of that individual.

9 (6) If an individual required to file a report under this
10 section or an immediate family member of the individual holds a
11 beneficial interest in a blind trust, the individual is not
12 required to include the interests or assets of the blind trust in
13 his or her statement under subsection (1). However, the individual
14 must indicate in his or her report that the individual or the
15 immediate family member of the individual holds a beneficial
16 interest in a blind trust.

17 (7) As used in this section:

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 protect individuals code, 1998 PA 386, MCL 700.7103.

22 (b) "Blind trust" means a qualified blind trust as that term
23 is defined in 5 CFR 2634.402 or a qualified diversified trust as
24 that term is defined in 5 CFR 2634.402.

25 (c) "Committee" means the committee created or designated by
26 the state house of representatives or state senate under section 7,
27 as applicable.

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

1 (e) "Immediate family of an individual", except as otherwise
2 provided in this section, means a spouse, dependent child, or a
3 person claimed as a dependent by the individual or the individual's
4 spouse for federal income tax purposes.

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

11 (g) "Legislator" means a state representative or state
12 senator.

13 Enacting section 1. This amendatory act takes effect January
14 1, 2023.

15 Enacting section 2. This amendatory act does not take effect
16 unless House Bill No. 4680 of the 101st Legislature is enacted into
17 law.