

**SUBSTITUTE FOR
HOUSE BILL NO. 4685**

A bill to require certain state officers to file financial disclosure reports; to provide for the powers and duties of certain state governmental officers and entities; and to prescribe sanctions.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "state
2 officer financial disclosure act".

3 Sec. 3. As used in this act:

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

8 (b) "Blind trust" means a qualified blind trust or qualified

1 diversified trust as those terms are defined in 5 CFR 2634.403.

2 (c) "Board" means the board of ethics created under section 3
3 of 1973 PA 196, MCL 15.343.

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

7 (e) "Former state officer" means an individual who is no
8 longer a state officer.

9 (f) "Immediate family", except as otherwise provided in this
10 act, means all of the following:

11 (i) A spouse or dependent child of an individual.

12 (ii) Any individual claimed by an individual or the
13 individual's spouse as a dependent for federal income tax purposes.

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

20 (h) "State officer" means an individual who holds any of the
21 following offices:

22 (i) Governor.

23 (ii) Lieutenant governor.

24 (iii) Secretary of state.

25 (iv) Attorney general.

26 (v) State treasurer.

27 (vi) Superintendent of public instruction.

28 (vii) Member of the liquor control commission.

29 (viii) Member of the civil service commission.

1 (ix) Member of the state board of education.

2 (x) Member of a governing board of an institution of higher
3 education described in section 4, 5, or 6 of article VIII of the
4 state constitution of 1963.

5 Sec. 5. (1) Not later than February 1 each year, a state
6 officer shall file with the board a financial disclosure report
7 that meets the requirements of this act.

8 (2) Subject to subsection (5), and except as otherwise
9 provided in section 7, a report required to be filed under
10 subsection (1) must include a complete statement of all of the
11 following:

12 (a) The full name, mailing address, occupation of, and state
13 office held by the state officer.

14 (b) The name of each member of the immediate family of the
15 state officer who is not a dependent child and the number of
16 members of the immediate family of the state officer who are
17 dependent children.

18 (c) The name, address, and principal activity of each employer
19 of the state officer and of each member of the immediate family of
20 the state officer during the preceding calendar year if the state
21 officer's or member's total earned income from the employer equals
22 \$5,000.00 or more during that calendar year.

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

24 (i) The source and type of earned income received during the
25 preceding calendar year by the state officer if the total earned
26 income from that source equals \$5,000.00 or more during that
27 calendar year.

28 (ii) The source and type of earned income received during the
29 preceding calendar year by each member of the immediate family of

1 the state officer if the total earned income from that source
2 equals \$5,000.00 or more during that calendar year.

3 (e) The source and type of all other income not reported under
4 subdivision (d) that was received during the preceding calendar
5 year by the state officer or a member of the immediate family of
6 that state officer if the total income from that source equals
7 \$5,000.00 or more during that calendar year.

8 (f) Excluding a primary residence, the address of each parcel
9 of real property held during the preceding calendar year by the
10 state officer or a member of the immediate family of that state
11 officer if the real property had a fair market value of \$50,000.00
12 or more at any time the real property was held during that calendar
13 year. A state officer may exclude the street number of a parcel of
14 real property listed under 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 state officer or a member of the immediate family of that state
18 officer during the preceding calendar year, if the security has a
19 total aggregate fair market value of \$10,000.00 or more on the date
20 the report is filed.

21 (h) A description of any interest in any of the following
22 types of assets held by the state officer or a member of the
23 immediate family of that state officer, if the interest in the
24 asset has a value of \$10,000.00 or more on the date the report is
25 filed:

26 (i) A qualified or nonqualified annuity.

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

29 (iii) An account in, or benefit payable under, any pension,

1 profit-sharing, stock bonus, or other qualified retirement plan.

2 (iv) An individual retirement account or trust.

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

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

20 (j) If the state officer or a member of the immediate family
21 of that state officer was required during the preceding calendar
22 year to register as a lobbyist or lobbyist agent under section 7 of
23 1978 PA 472, MCL 4.417, the name, address, and principal activity
24 of all persons who gave compensation to or reimbursed the state
25 officer or immediate family member for lobbying. As used in this
26 subdivision, "immediate family" includes the child of an
27 individual, whether dependent or not, parent of an individual, and
28 spouse of a child of an individual.

29 (k) A description of any interest the state officer or a

1 member of the immediate family of that state officer had during the
2 preceding calendar year in a legal entity that conducts business in
3 this state, if the interest has a book value of \$10,000.00 or more,
4 unless the entity has shares that are listed or traded over the
5 counter or on an organized exchange.

6 (3) Subject to subsection (5), information a state officer is
7 required to report under this section includes information with
8 respect to the income from a trust or other financial arrangement
9 from which income is received by, or with respect to which a
10 beneficial interest in principal or income is held by, a state
11 officer or a member of the immediate family of the state officer.

12 (4) A state officer is not required to disclose the value of
13 any real or personal property disclosed under subsection (2).

14 (5) If a state officer or an immediate family member of the
15 state officer holds a beneficial interest in a blind trust, the
16 state officer is not required to include the interests or assets of
17 the blind trust in his or her statement under subsection (2).
18 However, the state officer must indicate in his or her report that
19 the state officer or the immediate family member of the state
20 officer holds a beneficial interest in a blind trust.

21 Sec. 7. A state officer may omit any of the following from a
22 report the state officer files under section 5:

23 (a) Information the state officer is required to report under
24 the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to
25 169.282.

26 (b) An item otherwise required to be reported under section
27 5(2)(f) or (g) if all of the following apply:

28 (i) The item represents the exclusive financial interest and
29 responsibility of a member of the immediate family of the state

1 officer about which the state officer does not have actual
2 knowledge.

3 (ii) The item is not in any way, past or present, derived from
4 the income, assets, or activities of the state officer.

5 (iii) The state officer does not derive, or expect to derive,
6 financial benefit from the item.

7 (c) An item that concerns a spouse who is living separate and
8 apart from the state officer with the intention of terminating the
9 marriage or maintaining a legal separation.

10 (d) An item that concerns income of the state officer or a
11 member of the immediate family of the state officer arising from
12 dissolution of the state officer's or member's marriage or a
13 permanent legal separation from the state officer's or member's
14 spouse.

15 (e) Compensation from a publicly held corporation that has
16 shares that are listed or traded over the counter or on an
17 organized exchange paid to a business owned by the state officer or
18 in which the state officer has an interest, if the report under
19 section 5 includes a complete statement of the identity and value
20 of that business.

21 (f) Benefits received under the social security act, chapter
22 531, 49 Stat 620.

23 Sec. 9. (1) The board shall preserve a report it receives
24 under section 5 for not less than 15 years after the date the
25 report is filed.

26 (2) The board may extend the deadline to file a report under
27 section 5 for not more than 90 days upon a showing of good cause.

28 (3) Except as otherwise provided in subsections (4) and (5),
29 all records and files of the board related to reports it receives

1 under section 5 are confidential and exempt from disclosure under
2 the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

3 (4) A state officer may disclose a report that the state
4 officer files under section 5.

5 (5) A person may request from the board a copy of a former
6 state officer's report submitted under section 5. The board shall,
7 within 10 business days after receiving a request under this
8 subsection, release to the requester the requested report.

9 Sec. 10. The board may use a financial disclosure report filed
10 under this act to determine whether a state officer is in
11 compliance with ethics and conflict of interest laws that apply to
12 the state officer.

13 Sec. 11. If a state officer, other than the governor,
14 willfully violates this act, the state officer is subject to
15 appropriate disciplinary action by the governor. If the governor
16 willfully violates this act, the governor is subject to censure if
17 authorized by a concurrent resolution adopted by a majority of the
18 members elected to and serving in each house of the legislature.

19 Enacting section 1. This act takes effect January 1, 2023.

20 Enacting section 2. This act does not take effect unless House
21 Bill No. 4686 of the 101st Legislature is enacted into law.