

HOUSE BILL NO. 4685

April 21, 2021, Introduced by Reps. Tisdell and Fink and referred to the Committee on Elections and Ethics.

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

1 interest in a trust of a qualified trust beneficiary or a trust
2 beneficiary as those terms are defined in section 7103 of the
3 estates and protected individuals code, 1998 PA 386, MCL 700.7103.

4 (b) "Blind trust" means a qualified blind trust or qualified
5 diversified trust as those terms are defined in 5 CFR 2634.403.

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

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

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

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

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

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

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

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

26 (i) Governor.

27 (ii) Lieutenant governor.

28 (iii) Secretary of state.

29 (iv) Attorney general.

- 1 (v) State treasurer.
- 2 (vi) Superintendent of public instruction.
- 3 (vii) Member of the liquor control commission.
- 4 (viii) Member of the civil service commission.
- 5 (ix) Member of the state board of education.
- 6 (x) Member of a governing board of an institution of higher
7 education described in section 4, 5, or 6 of article VIII of the
8 state constitution of 1963.

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

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

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

18 (b) The name of each member of the immediate family of the
19 state officer who is not a dependent child and the number of
20 members of the immediate family of the state officer who are
21 dependent children.

22 (c) The name, address, and principal activity of each employer
23 of the state officer and of each member of the immediate family of
24 the state officer during the preceding calendar year if the state
25 officer's or member's total earned income from the employer equals
26 \$5,000.00 or more during that calendar year.

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

28 (i) The source and type of earned income received during the
29 preceding calendar year by the state officer if the total earned

1 income from that source equals \$5,000.00 or more during that
2 calendar year.

3 (ii) The source and type of earned income received during the
4 preceding calendar year by each member of the immediate family of
5 the state officer if the total earned income from that source
6 equals \$5,000.00 or more during that calendar year.

7 (e) The source and type of all other income not reported under
8 subdivision (d) that was received during the preceding calendar
9 year by the state officer or a member of the immediate family of
10 that state officer if the total income from that source equals
11 \$5,000.00 or more during that calendar year.

12 (f) Excluding a primary residence, the address of each parcel
13 of real property held during the preceding calendar year by the
14 state officer or a member of the immediate family of that state
15 officer if the real property had a fair market value of \$50,000.00
16 or more at any time the real property was held during that calendar
17 year. A state officer may exclude the street number of a parcel of
18 real property listed under this subdivision.

19 (g) A description of any stocks, bonds, commodities, futures,
20 shares in mutual funds, or other forms of securities held by the
21 state officer or a member of the immediate family of that state
22 officer during the preceding calendar year, if the security has a
23 total aggregate fair market value of \$10,000.00 or more on the date
24 the report is filed.

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

1 (i) A qualified or nonqualified annuity.

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

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

6 (iv) An individual retirement account or trust.

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

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

24 (j) If the state officer or a member of the immediate family
25 of that state officer was required during the preceding calendar
26 year to register as a lobbyist or lobbyist agent under section 7 of
27 1978 PA 472, MCL 4.417, the name, address, and principal activity
28 of all persons who gave compensation to or reimbursed the state
29 officer or immediate family member for lobbying. As used in this

1 subdivision, "immediate family" includes the child of an
2 individual, whether dependent or not, parent of an individual, and
3 spouse of a child of an individual.

4 (k) A description of any interest the state officer or a
5 member of the immediate family of that state officer had during the
6 preceding calendar year in a legal entity that conducts business in
7 this state, if the interest has a book value of \$10,000.00 or more,
8 unless the entity has shares that are listed or traded over the
9 counter or on an organized exchange.

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

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

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

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

27 (a) Information the state officer is required to report under
28 the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to
29 169.282.

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

3 (i) The item represents the exclusive financial interest and
4 responsibility of a member of the immediate family of the state
5 officer about which the state officer does not have actual
6 knowledge.

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

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

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

14 (d) An item that concerns income of the state officer or a
15 member of the immediate family of the state officer arising from
16 dissolution of the state officer's or member's marriage or a
17 permanent legal separation from the state officer's or member's
18 spouse.

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

25 (f) Benefits received under the social security act, chapter
26 531, 49 Stat 620.

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

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

3 (3) Except as otherwise provided in subsections (4) and (5),
4 all records and files of the board related to reports it receives
5 under section 5 are confidential and exempt from disclosure under
6 the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

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

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

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 appropriate
17 disciplinary action by the attorney general if authorized by a
18 concurrent resolution adopted by 2/3 of the members elected to and
19 serving in each house of the legislature.

20 Enacting section 1. This act takes effect January 1, 2022.

21 Enacting section 2. This act does not take effect unless
22 Senate Bill No. ____ or House Bill No. 4686 (request no. 01701'21 a
23 *) of the 101st Legislature is enacted into law.