HOUSE BILL NO. 5331

November 14, 2023, Introduced by Reps. Paquette, Bezotte, DeSana and Fox and referred to the Committee on Government Operations.

A bill to amend 1978 PA 472, entitled

"An act to regulate political activity; to regulate lobbyists, lobbyist agents, and lobbying activities; to require registration of lobbyists and lobbyist agents; to require the filing of reports; to prescribe the powers and duties of the department of state; to prescribe penalties; and to repeal certain acts and parts of acts,"

by amending sections 3, 5, 8, 9, and 11 (MCL 4.413, 4.415, 4.418, 4.419, and 4.421), section 5 as amended by 1986 PA 83 and section 8 as amended by 1994 PA 412.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Department" means the department of state.

- 1 (2) "Expenditure" means an advance, compensation for labor,
- 2 honorarium, conveyance, deposit, distribution, transfer of funds,
- 3 loan, payment, pledge, or subscription of money or anything of
- 4 value including a contract, agreement, promise, or other
- 5 obligation, whether or not legally enforceable, to make an
- 6 expenditure. Expenditure does not include the payment of a
- 7 membership fee otherwise reported pursuant to under section 8(1)(d)
- 8 (8)(1)(f)(iv) or the cost of travel to visit and return from
- 9 visiting a public official for the purpose of communicating with
- 10 the public official.
- 11 (3) "Financial transaction" means a loan, purchase, sale, or
- 12 other type of transfer or exchange of money, goods, other property,
- 13 or services for value.
- 14 Sec. 5. (1) "Governmental body" means a state legislative or
- 15 governing body, including a board, commission, committee,
- 16 subcommittee, authority, or council, that may, under a state
- 17 constitution, statute, or rule, exercise governmental or
- 18 proprietary authority or perform a governmental or proprietary
- 19 function, or a lessee of the body that performs an essential public
- 20 purpose and function under the lease agreement.
- 21 (2) "Influencing" means promoting, supporting, affecting,
- 22 modifying, opposing, or delaying by any means, including the
- 23 providing of or use of information, statistics, studies, or
- 24 analysis.
- 25 (3) (1) "Legislative action" means introduction, sponsorship,
- 26 support, opposition, consideration, debate, vote, passage, defeat,
- 27 approval, veto, delay, or an official action by an official in the
- 28 executive branch or an official in the legislative branch on a
- 29 bill, resolution, amendment, nomination, appointment, report, or

- 1 any matter pending or proposed in a legislative committee or either
- 2 house of the legislature. Legislative action does not include the
- 3 representation of a person who has been subpoenaed to appear before
- 4 the legislature or an agency of the legislature.
- 5 (4) (2) "Lobbying" means communicating directly with an
- 6 official in the executive branch of state government or an official
- 7 in the legislative branch of state government for the purpose of
- 8 influencing legislative or administrative action. Lobbying does not
- 9 include the providing of technical information by a person other
- 10 than a person as defined in subsection (5) lobbyist agent or an
- 11 employee of a person as defined in subsection (5) lobbyist agent
- 12 when appearing before an officially convened legislative committee
- 13 or executive department hearing panel. As used in this subsection,
- 14 "technical information" means empirically verifiable data provided
- 15 by a person recognized as an expert in the subject area to which
- 16 the information provided is related.
- 17 (3) "Influencing" means promoting, supporting, affecting,
- 18 modifying, opposing or delaying by any means, including the
- 19 providing of or use of information, statistics, studies, or
- 20 analysis.
- 21 (5) (4) "Lobbyist" means any of the following:
- 22 (a) A person whose expenditures for lobbying are more than
- 23 \$1,000.00 in value in any 12-month period.
- 24 (b) A person whose expenditures for lobbying are more than
- 25 \$250.00 in value in any 12-month period, if the amount is expended
- 26 on lobbying a single public official.
- (c) For the purpose of subdivisions (a) and (b), groups of 25
- 28 or more people shall not have their personal expenditures for food,
- 29 travel, and beverage included , providing if those expenditures are

- 1 not reimbursed by a lobbyist or lobbyist agent.
- 2 (d) The state or a political subdivision which that contracts3 for a lobbyist agent.

- 10 (a) An employee of the lobbyist or lobbyist agent.

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- (b) For purposes of section 8(1)(b)(i) and 9(1)(b), a member of the lobbyist or employee of a member of the lobbyist, when the lobbyist is a membership organization or association, and when the lobbyist agent or an employee of the lobbyist or lobbyist agent is present during any part of the period during which the purchased food or beverage is consumed.
- (c) A person who is reimbursed by the lobbyist or lobbyist
 18 agent for an expenditure, other than an expenditure for food or
 19 beverage, which was incurred for the purpose of lobbying.
- 20 (7) Lobbyist or lobbyist agent does not include any of the
 21 following:
 - (a) A publisher, owner, or working member of the press, radio, or television while disseminating news or editorial comment to the general public in the ordinary course of business.
 - (b) All elected or appointed public officials of state or local government who are acting in the course or scope of the office for no compensation, other than that provided by law for the office, -not including any of the following:
- 29 (c) For the purposes of this act, subdivision (b) shall not

1 include:

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following:

- 2 (i) Employees of public or private colleges, community3 colleges, junior colleges, or universities.
- 4 (ii) Employees of townships, villages, cities, counties, or5 school boards.
- 6 (iii) Employees of state executive departments.
- 7 (*iv*) Employees of the judicial branch of government.
- 8 (c) (d) A member of a lobbyist if the lobbyist is a
 9 membership organization or association and if the member of a the
 10 lobbyist does not separately qualify as a lobbyist under subsection
 11 (4) (5).
 - (8) "Mass mailing" means not less than 1,000 pieces of substantially similar material mailed within a 7-day period.
- 14 (9) "Official in the executive branch" means the governor, 15 lieutenant governor, secretary of state, attorney general; or an 16 individual who is in the executive branch of state government and 17 not under civil service; a classified director, chief deputy director, or deputy director of a state department. This Official 18 in the executive branch includes an individual who is elected or 19 appointed and has not yet taken, or an individual who is nominated 20 21 for appointment to, any of the offices or agencies enumerated in 22 this subsection. An official Official in the executive branch does 23 not include a person an individual serving in a clerical, 24 nonpolicy-making, non-policy-making or nonadministrative capacity. 25 In addition to all of the foregoing, an official Official in the 26 executive branch includes, but is not limited to, all of the
- (a) In the executive office of the governor, the chief anddeputy chief of staff, press secretary, director of job training,

- 1 and director of personnel.
- 2 (b) In the department of agriculture and rural development,
- 3 the racing commissioner and a member of the commission on
- 4 agriculture commission.and rural development.
- 5 (c) In the department of civil rights, a ${\bf A}$ member of the civil
- 6 rights commission.
- 7 (d) In the department of civil service, a A member of the
- 8 civil service commission.
- 9 (e) In the department of commerce, the commissioner of
- 10 financial institutions, labor and economic opportunity, the
- 11 executive director of the housing development authority, the
- 12 director of the unemployment insurance agency, and a member of the
- 13 liquor control commission, strategic fund board, employment
- 14 security board of review, employment security commission, state
- 15 housing development authority, or travel commission. , or public
- 16 service commission.
- 17 (f) In the department of education, a member of the state
- 18 board of education , higher education facilities commission, higher
- 19 education facilities authority, higher education assistance
- 20 authority, higher education student loan authority, or state tenure
- 21 commission.
- 22 (g) In the department of labor, licensing and regulatory
- 23 affairs, the director of the bureau of workers' disability
- 24 compensation, the director of the employment security commission,
- 25 and a member of the construction code commission, employment
- 26 relations commission, employment security board of review,
- 27 employment security commission, public service commission, liquor
- 28 control commission, or wage deviation board.
- 29 (h) In The director of the department of licensing and

1 regulation, the state insurance commissioner.and financial
2 services.

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- (i) In the department of technology, management, and budget, the lottery commissioner, the director of the office of services to the aging, the director of the office of state employer, the chairperson of the crime victims compensation board, and a member of the council for the arts, state administrative board, state building authority, toxic substance control commission, or utility consumer participation board.
 - (j) In the department of natural resources, the supervisor of wells—environment, Great Lakes, and energy, the director of the department and a member of the air pollution control commission, natural resources commission.
 - (k) In the department of public health, a member of the occupational health standards commission.
- (k) (l)—In the department of transportation, a member of the
 aeronautics commission and a state transportation commissioner.
 - (*l*) (m)—In the department of treasury, a member of the hospital finance authority, investment advisory committee, or state tax commission, higher education facilities commission, higher education facilities authority, higher education assistance authority, or higher education student loan authority.
 - (10) "Official in the legislative branch" means a member of the legislature, the auditor general, the deputy auditor general, an employee of the consumer's council, the director of the legislative retirement system, or any other employee of the legislature other than an individual employed by the this state in a clerical or nonpolicy-making non-policy-making capacity.

29 (11) "Governmental body" means any state legislative or

- 1 governing body, including a board, commission, committee,
- 2 subcommittee, authority, or council, which is empowered by state
- 3 constitution, statute, or rule to exercise governmental or
- 4 proprietary authority or perform a governmental or proprietary
- 5 function, or a lessee thereof performing an essential public
- 6 purpose and function under the lease agreement.

purchased food or beverage is consumed.

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- 7 (11) "Representative of the lobbyist" means any of the 8 following:
- 9 (a) An employee of the lobbyist or lobbyist agent.
- 10 (b) For purposes of sections 8(1) (f) (ii) (A) and 9(1) (b), a
 11 member of the lobbyist or employee of a member of the lobbyist,
 12 when the lobbyist is a membership organization or association, and
 13 when the lobbyist agent or an employee of the lobbyist or lobbyist
 14 agent is present during any part of the period during which the
- 16 (c) A person that is reimbursed by the lobbyist or lobbyist 17 agent for an expenditure, other than an expenditure for food or 18 beverage, which was incurred for the purpose of lobbying.
- Sec. 8. (1) A-Each lobbyist or a lobbyist agent shall file a signed report in a form prescribed by the secretary of state under this section. A report shall be filed All of the following apply to a report required under this subsection:
 - (a) The lobbyist or lobbyist agent shall submit the report in writing, in a form prescribed by the secretary of state, and signed by the lobbyist or lobbyist agent.
- 26 (b) The lobbyist or lobbyist agent shall file the report on 27 January 31 covering the calendar year ending on the immediately 28 preceding December 31, and on August 31 covering the immediately 29 preceding December 31 to July 31.

1 (c) A report shall for the lobbyist must be filed by a—the
2 lobbyist or for the lobbyist—by the lobbyist agent who acts on
3 behalf of the lobbyist. , and the A report for a lobbyist agent who
4 acts on his or her the lobbyist agent's own behalf must be filed by
5 that lobbyist agent.

- (d) A lobbyist or a lobbyist agent may request from the secretary of state an extension of the deadline for filing the report for a period not to exceed of not more than 60 days. The secretary of state shall respond in writing to the request, either approving or disapproving the request. , and if approval is granted, If the secretary of state approves the request, the period of the extension , not later than must be within 9 days after receipt of the secretary of state receives the request.
- (e) A lobbyist or lobbyist agent may file an amended report within 1 year after the date the report is required to be filed, including an extension period granted under subdivision (d). The
- 17 (f) Each report shall be on a prescribed form and shall must
 18 include the following information:
- 19 (i) (a)—A statement updating to the end of the reporting period
 20 the information required to be filed for registration under section
 21 7.
 - (ii) (b)—An account of expenditures made by a lobbyist, lobbyist agent, or representative of a lobbyist. The account must report the expenditures shall be reported by category, with the report showing in the following categories, show the total amount expended in each category during the preceding reporting period, and show the cumulative amount expended in each category for the current year from January 1 through the month covered by the report. Expenditures shall be reported in the following categories:

end of the reporting period:

- 2 (A) (i) Expenditures Subject to subsection (2), expenditures
 3 for food and beverage provided for a public officials as specified
 4 in subsection (2).official who is not a legislator.
- 5 (B) $\frac{(ii)}{(ii)}$ Advertising and mass mailing expenses directly related to lobbying.
- 7 (C) (iii) Other expenditures for lobbying made or incurred by a lobbyist, a lobbyist agent, or an employee of a lobbyist or 9 lobbyist agent, other than expenditures for lobbying made or 10 incurred by a lobbyist, a lobbyist agent, or an employee of a lobbyist or a lobbyist agent of less than \$5.00 made for goods or 12 services for which a receipt or proof of purchase is not normally available.
 - (iii) (e)—An account of every financial transaction during the immediately preceding reporting period between the lobbyist or lobbyist agent, or a person acting on behalf of the lobbyist or lobbyist agent, and a public official or a member of the public official's immediate family, or a business with which the individual is associated, in which goods and services having value of at least \$775.00, or travel and lodging expenses paid for or reimbursed to a public official in connection with public business by that public official in excess of \$500.00, are involved. The account shall must include the date and nature of the transaction, the parties to the transaction, and the amount involved in the transaction. This subdivision subparagraph does not apply to the following:
- 27 (A) (i)—A financial transaction in the ordinary course of the 28 business of the lobbyist, if the primary business of the lobbyist 29 is other than lobbying, and if consideration of equal or greater

1 value is received by the lobbyist.

- (B) (ii) A financial transaction undertaken in the ordinary
 course of the lobbyist's business, in which fair market value is
 given or received for a benefit conferred.
- 5 (iv) (d) A brief description of the lobbying activities engaged
 6 in during the previous reporting period.
- (v) (e)—In the case of travel and lodging expenses described in subdivision (c), subparagraph (iii), the lobbyist or lobbyist agent shall prepare include with the report a separate document detailing the expenditure required to be reported. expenditures the lobbyist or lobbyist agent is required to report. The lobbyist or lobbyist agent shall send, simultaneously with the filing of the report to the secretary of state, a copy of the document to the affected legislator.
 - (2) Expenditures for food and beverage provided a public official shall who is not a legislator must be reported under subsection (1) (f) (ii) if the expenditures for that public official exceed \$25.00 in any month covered by the report or \$150.00 during that calendar year from January 1 through the month covered by the report. The report shall must include the name and title or office of the public official and the expenditures on that public official for the months covered by the report and for the year. If more than 1 public official who is not a legislator is provided food and beverage and a single check is rendered, the report may reflect the average amount of the check for each public official. If the expenditures are a result of an event at which more than 25 public officials who are not legislators were in attendance, are a result of an event to which an entire standing committee of the legislature was invited in writing to be informed concerning a bill

- 1 that was assigned to that standing committee, or are a result of an
- 2 event to which an entire caucus of either house of the legislature
- 3 was invited in writing, a lobbyist or a lobbyist agent shall report
- 4 the total amount expended on the public officials in attendance for
- 5 food and beverage and is not required to report the amount expended
- 6 on the public officials individually. In reporting those amounts,
- 7 the lobbyist or lobbyist agent shall file a statement providing a
- 8 description by category of the persons in attendance and the nature
- 9 of each event or function held during the preceding reporting
- 10 period.
- 11 (3) A person who, that, without good cause, fails to report
- 12 under subsection (1) shall pay a late filing fee of \$10.00 for each
- 13 day the report remains not filed in violation of subsection (1),
- 14 not to exceed \$300.00. A person who without good cause is in
- 15 violation of that violates subsection (1) for more than 30 days
- 16 without good cause is guilty of a misdemeanor punishable by a
- 17 fine of not more than \$1,000.00.
- 18 (4) If a lobbyist agent employs another lobbyist agent to
- 19 engage in lobbying, the employer lobbyist agent shall report the
- 20 activities of the employee lobbyist agent shall be reported by the
- 21 employer lobbyist agent under this section.
- 22 (5) Within a reasonable time after receipt of receiving a
- 23 request from an elected public official in regard to a report of a
- 24 lobbyist or a lobbyist agent, the secretary of state shall report
- 25 to the elected public official on any reported activity by the
- 26 lobbyist or lobbyist agent in that report, and shall notify the
- 27 elected public official of the specific occurrence and the specific
- 28 nature of the reported activity.
- 29 (6) The secretary of state shall preserve statements and

- 1 reports filed under this act for 5 years after filing. The
- 2 statements and reports may be reproduced pursuant to the records
- 3 media act. under the records reproduction act, 1992 PA 116, MCL
- 4 24.401 to 24.406. After the required preservation period, the
- 5 secretary of state shall destroy the statements and reports, or the
- 6 reproductions of the statements and reports, other than those
- 7 necessary to complete an investigation by the attorney general or
- 8 pertinent to a matter being adjudicated in a court of law. , shall
- 9 be destroyed.
- Sec. 9. (1) A lobbyist or a lobbyist agent acting on behalf of
- 11 the lobbyist, and a lobbyist agent acting on his or her the
- 12 lobbyist agent's own behalf, shall obtain and preserve all
- 13 accounts, bills, receipts, books, papers, and documents necessary
- 14 to substantiate the reports required to be made pursuant to under
- 15 section 8 for 5 years after the report containing those items is
- 16 filed. These records shall must be made available for inspection
- 17 upon request by the secretary of state after reasonable notice. The
- 18 records shall must include the following:
- 19 (a) An itemized account of all expenditures related to the
- 20 performance of lobbying. Single expenditures of \$100.01 or more
- 21 shall must be recorded separately with the record showing the date,
- 22 purpose, and name and address of the recipient of the expenditures.
- 23 (b) An itemized account of all expenditures for food and
- 24 beverage provided for a public officials. official who is not a
- 25 legislator. The account shall must reflect the date and amount of
- 26 the expenditure and the name and title or office of the public
- 27 official for whom the expenditure was made, and the name of the
- 28 lobbyist agent or representative of the lobbyist who purchased the
- 29 food or beverage for the public official, except that when more

- 1 than 1 public official is provided food and beverage and a single
- 2 check or voucher is rendered, the account may reflect the average
- 3 amount of the check for each public official. A lobbyist shall
- 4 record amounts expended on public officials who are not legislators
- 5 for food and beverage where the expenditures are a result of an
- 6 event at which more than 25 public officials who are not
- 7 legislators were in attendance. or are a result of an event to
- 8 which an entire standing committee of the legislature has been
- 9 invited in writing to be informed concerning a bill which has been
- 10 assigned to that standing committee. The record shall not list the
- 11 expenditures for public officials individually. The lobbyist shall
- 12 record the names of all public officials in attendance and the
- 13 nature of each event or function held.
- 14 (2) A person An individual who violates this section is guilty
- 15 of a misdemeanor and shall be punished punishable by a fine of not
- 16 more than \$1,000.00 or imprisoned imprisonment for not more than
- 17 90 days, or both. , and if the If a person is other than an
- 18 individual violates this section, the person shall be fined not
- **19** more than \$10,000.00.
- 20 Sec. 11. (1) A person shall not be employed as a lobbyist
- 21 agent for compensation contingent in any manner upon the outcome of
- 22 an administrative or legislative action. A person who that
- 23 knowingly violates this subsection is guilty of a felony and
- 24 punishable by, if the person is an individual, shall be punished by
- 25 imprisonment for not more than 3 years or a fine of not more than
- 26 \$10,000.00, or imprisoned for not more than 3 years, or both, and
- 27 or, if the person is other than not an individual, shall be
- 28 punished by a fine of not more than \$25,000.00.
- 29 (2) A lobbyist or lobbyist agent or anyone acting on behalf of

- 1 a lobbyist or lobbyist agent shall not give a gift or loan, other
- 2 than a loan made in the normal course of business by an
- 3 institution, as defined in section 5 of Act No. 319 of the Public
- 4 Acts of 1969, as amended, a national bank, a branch bank, an
- 5 insurance company issuing a loan or receiving a mortgage in the
- 6 normal course of business, a premium finance company, a mortgage
- 7 company, a small loan company, a state or federal credit union, a
- 8 savings and loan association chartered by this state or the federal
- 9 government, or a licensee. as defined by Act No. 27 of the Public
- 10 Acts of the Extra Session of 1950, as amended. For the purpose of
- 11 this section, an institution shall not give a preferential interest
- 12 rate shall not be given solely on the basis of because the credit
- 13 applicant being is a public official or a member of the public
- 14 official's immediate family. A person who that gives a gift with a
- 15 value of \$3,000.00 or less in violation of this subsection is
- 16 quilty of a misdemeanor punishable by, if the value of the gift is
- 17 \$3,000.00 or less, and shall be punished by person is an
- 18 individual, imprisonment for not more than 90 days or a fine of not
- 19 more than \$5,000.00, or imprisoned for not more than 90 days, or
- 20 both, and or, if the person is other than not an individual, the
- 21 person shall be fined a fine of not more than \$10,000.00. A person
- 22 who—that knowingly gives a gift with a value of more than \$3,000.00
- 23 in violation of this subsection and the value of the gift is more
- 24 than \$3,000.00 is guilty of a felony and punishable by, if the
- 25 person is an individual, shall be punished by imprisonment for not
- 26 more than 3 years or a fine of not more than \$10,000.00, or
- 27 imprisoned for not more than 3 years, or both, and or, if the
- 28 person is other than not an individual, shall be punished by a fine
- 29 of not more than \$25,000.00.

- 1 (3) Information copied from registration forms or activity
 2 reports required by this act or from lists compiled from the forms
 3 or reports may not be sold or utilized by any person for any
 4 commercial purpose. A person who that violates this subsection is
 5 subject to a civil penalty fine of not more than \$1,000.00.
 - (4) A public official, other than an individual who is appointed or elected to a board or commission and is not an ex officio member or prohibited by law from having other employment, shall not accept compensation or reimbursement, other than from the state, for personally engaging in lobbying. A person who that violates this subsection is guilty of a misdemeanor and shall be punished punishable by imprisonment for not more than 90 days or a fine of not more than \$1,000.00, or imprisoned for not more than 90 days, or both.
 - (5) Beginning on the effective date of the amendatory act that added this section, a lobbyist or lobbyist agent or anyone acting on behalf of a lobbyist or lobbyist agent shall not give or purchase food or beverages, including breakfast, luncheon, dinner, or other refreshment consisting of food and beverage provided for immediate consumption, for a public official who is a legislator. A person that knowingly gives or purchases food or beverages for a public official who is a legislator in violation of this subsection is guilty of a misdemeanor punishable by, if the person is an individual, imprisonment for not more than 90 days or a fine of not more than \$5,000.00 or both, or, if the person is not an individual, a fine of not more than \$10,000.00.
 - (6) As used in this section:

28 (a) "Institution" means that term as defined in section 1202 29 of the banking code of 1999, 1999 PA 276, MCL 487.11202.

1 (b) "Licensee" means that term as defined in section 2 of the 2 motor vehicle sales finance act, 1950 (Ex Sess) PA 27, MCL 492.102.

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