

Legislative Analysis



MICHIGAN CAMPAIGN FINANCE ACT CHANGES

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House Bill 4446 (H-3) as reported from committee

Sponsor: Rep. Julie Calley

1st House Committee: Elections and Ethics

2nd House Committee: Ways and Means

Complete to 6-19-19

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

SUMMARY:

House Bill 4446 would amend the Michigan Campaign Finance Act to allow secondary depositories to be used to receive the proceeds of a joint fundraiser and distribute the funds to the various committees benefiting from the fundraiser. It would also, among other changes, allow a connected organization to pay costs for fundraising activities for the separate segregated fund.

Purposes for which secondary depositories could be used (Section 21)

Section 21 of the act limits a candidate committee to one account in a financial institution as the official depository for contributions and expenditures. It states that a candidate committee may only use secondary depositories to deposit contributions and promptly transfer the deposits to the official depository.

Committees other than candidate committees and committees not required to have a Michigan elector as their treasurer are currently allowed to use secondary depositories to deposit contributions and promptly transfer the deposits to the official depository, and also to deposit, divide, and transfer contributions that are aggregated with dues or other payments.

The bill would add a purpose for secondary depositories to all of these committees: to deposit the proceeds of a joint fundraiser and transfer each committee's share of receipts from the fundraiser.

Connected organization transfers and recordkeeping (Section 55)

Under the act, connected organizations may solicit or obtain contributions for separate segregated accounts from union members and stockholders, among others, on an automatic basis as long as those individuals affirmatively consent to the contribution.

The bill would provide that the person providing affirmative consent could revoke that consent at any time.

The bill would allow a connected organization to make an in-kind contribution to pay certain costs for fundraising activities for the separate segregated fund. Those costs could not be disproportionately more valuable than the amount raised by that prize or the amount raised per individual item sold or offered. If a connected organization violated this provision, the separate segregated fund could cure the violation if it repaid the connected organization within 60 days of the payment.

The costs would not be considered disproportionately valuable if both of the following applied:

- The in-kind contribution was equal to or less than \$5 per prize or individual item to be sold or offered in exchange for a contribution.
- The in-kind contribution was equal to or less than 10% of the amount raised.

Required components of a campaign statement (Section 26)

The bill would require that a committee's campaign statement (other than for a political party committee) report all of the following, as applicable, when a connected organization of a separate segregated fund makes a payment for a prize or one or more items authorized in section 55 (described above):

- The amount of any payment of costs for a prize, the **value** of the prize, the amount raised by the prize, and the amount, if any, reimbursed to the connected organization by the separate segregated fund for the prize. (As used in this section, **value** would mean the regular purchase price offered by the vendor, minus any customary discount offered based on the number of items purchased in the same transaction.)
- The amount per item of any payment of costs for items to be sold or offered in return for a contribution as part of fundraising activities for the separate segregated fund, the amount per item that each item is offered at or offered for sale at, the value of each item, the aggregate amount paid for those items, and the amount, if any, reimbursed to the connected organization by the separate segregated fund for any items. If multiples of the same item are sold or offered, a report for the item type suffices.

Additional changes

The bill would also do all of the following:

- Amend the category of donations to tax-exempt charitable organizations under "incidental expenses" to disallow those donations by officers or directors of that organization and those who receive compensation from that organization. (Section 9)
- Incorporate credit and debit cards as instruments by which an individual could make a qualifying contribution to a candidate committee or a contribution of more than \$20 or expenditure of more than \$50. (Section 12; Section 41)
- Remove February 15 from the list of dates by which a ballot question committee must file campaign statements, as Michigan no longer conducts February elections. (Section 34)

MCL 169.204 et seq.

FISCAL IMPACT:

The bill would have no fiscal impact on the state or local units of government.

POSITIONS:

A representative of the Secretary of State testified to a neutral position on the H-2 substitute to the bill. (5-15-19)

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