

HOUSE BILL NO. 4648

May 21, 2019, Introduced by Reps. Marino, Sabo, Cherry, Wittenberg, Hammoud, Ellison, Tate, Hood, Rabhi, Pohutsky, Kennedy, Sowerby, Hope, Stone, Yancey, Brann, Cynthia Johnson, Filler, Alexander, Garza, Coleman, Brixie, Manoogian, Camilleri, Brenda Carter, Hertel, Elder, Haadsma, Sneller, Hoadley, Gay-Dagnogo, Jones, Witwer, Anthony, Huizenga, Afendoulis, Calley, LaGrand, Albert, Byrd, Chirkun, Cambensy, Pagan, Kuppa, Liberati, Tyrone Carter, Bolden, Warren, Neeley, Lasinski, Guerra, Koleszar, Meerman, Webber, Kahle, Mueller, Greig, Garrett, Peterson and Yaroach and referred to the Committee on Elections and Ethics.

A bill to regulate political activity; to require members of and candidates for the governing boards of certain state universities to file financial statements and reports; to prescribe the powers and duties of certain state officers and agencies; to impose fees; to prescribe penalties and civil sanctions; and to provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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Sec. 1. This act shall be known and may be cited as the



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1 "university board member financial disclosure act".

2 Sec. 2. As used in this act:

3 (a) "Bureau of elections" means the bureau provided for by
4 section 32 of the Michigan election law, 1954 PA 116, MCL 168.32.

5 (b) "Candidate" means that term as defined in section 3 of the
6 Michigan campaign finance act, 1976 PA 388, MCL 169.203.

7 (c) "Candidate for office" means a candidate for any of the
8 following offices:

9 (i) Regent of the University of Michigan.

10 (ii) Member of the board of trustees of Michigan State
11 University.

12 (iii) Member of the board of governors of Wayne State
13 University.

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

17 (e) "Immediate family of an individual" means a dependent
18 child or spouse of that individual or a person claimed by that
19 individual or that individual's spouse as a dependent for federal
20 income tax purposes.

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

27 (g) "Principal residence" means that term as defined under
28 section 7dd of the general property tax act, 1893 PA 206, MCL
29 211.7dd.



1 (h) "State official" means the holder of an office described
2 in subdivision (c).

3 Sec. 3. (1) If an individual is a state official at any time
4 during a calendar year, that individual shall file with the bureau
5 of elections by May 1 of the following year a report that meets the
6 requirements of section 4. This subsection does not apply to an
7 individual who was a state official only on the first day of the
8 calendar year.

9 (2) If an individual is a candidate for state office and has
10 not already filed a report under subsection (1) covering the
11 preceding calendar year, that individual shall file with the bureau
12 of elections a report that meets the requirements of section 4
13 within 30 days after the later of May 1 or the date on which the
14 individual forms a candidate committee as a candidate for state or
15 local office under section 21 of the Michigan campaign finance act,
16 1976 PA 388, MCL 169.221.

17 Sec. 4. (1) Except as provided in section 5, a report required
18 under section 3 must include a complete statement of all of the
19 following:

20 (a) The full name, mailing address, occupation of, and the
21 state office held or sought by, the individual filing the report.

22 (b) The name of each member of the immediate family of the
23 individual filing the report.

24 (c) The name, address, and principal activity of each employer
25 of the individual and of each member of the immediate family of the
26 individual filing the report during the calendar year covered by
27 the report.

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

29 (i) The source and type of earned income received during the



1 preceding calendar year by the individual filing the report if the
2 total earned income from that source equals \$5,000.00 or more
3 during that calendar year.

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

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

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

21 (g) A description of any stocks, bonds, commodities, futures,
22 shares in mutual funds, or other forms of securities held by the
23 individual filing the report or a member of the immediate family of
24 that individual during the preceding calendar year, if the total
25 aggregate value of a security had a fair market value of \$10,000.00
26 or more at any time the security was held during the preceding
27 calendar year.

28 (h) A description of any interest in 1 of the following types
29 of assets, if the interest in the asset has a value of \$10,000.00



1 or more at any time the asset was held during the preceding
2 calendar year:

3 (i) A qualified or nonqualified annuity.

4 (ii) A benefit under a qualified or nonqualified plan of
5 deferred compensation.

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

8 (iv) An individual retirement account or trust.

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

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

26 (j) If the individual filing the report or a member of the
27 immediate family of that individual was required during the
28 previous calendar year to register as a lobbyist or lobbyist agent
29 under section 7 of 1978 PA 472, MCL 4.417, the name, address, and



1 principal activity of all persons who gave compensation to or
2 reimbursed the individual or immediate family member for lobbying.
3 As used in this subdivision, "immediate family" includes the parent
4 of an individual and the spouse of a child of an individual.

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

11 (2) Information an individual is required to report under this
12 section includes information with respect to the holdings of and
13 the income from a trust, blind trust, or other financial
14 arrangement from which income is received by, or with respect to
15 which a beneficial interest in principal or income is held by, an
16 individual required to file a report under this section or an
17 immediate family member of the individual. As used in this
18 subsection:

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

23 (b) "Blind trust" means a qualified blind trust as defined in
24 5 CFR 2634.403.

25 Sec. 5. An individual filing a report under section 3 may omit
26 any of the following:

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

29 (b) An item otherwise required to be reported under section



1 4(1)(f) or (g) if all of the following apply:

2 (i) The item represents the sole financial interest and
3 responsibility of a member of the immediate family of the
4 individual filing the report about which the individual filing the
5 report does not have actual knowledge.

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

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

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

14 (d) An item that concerns income or obligations of the
15 individual filing the report arising from dissolution of his or her
16 marriage or a permanent legal separation from his or her spouse.

17 (e) Compensation from a publicly held corporation that has
18 shares that are listed or traded over the counter or on an
19 organized exchange paid to a business owned by the individual
20 filing the report or in which the individual filing the report has
21 an interest, if the report under section 4 includes a complete
22 statement of the identity and value of that business.

23 (f) Benefits received under the social security act, chapter
24 531, 49 Stat 620.

25 Sec. 6. The bureau of elections shall do all of the following:

26 (a) Prepare and make available appropriate forms and
27 instructions for the reports required by this act.

28 (b) Receive reports required by this act.

29 (c) As soon as practicable, but not later than the end of the



1 business day on which a report required to be filed under this act
2 is received, make the report or all of the contents of the report
3 available without charge to the public on the internet at a single
4 website established and maintained by the secretary of state, and
5 not later than the third business day following the day on which
6 the report is received, make the report available for public
7 inspection and reproduction during regular business hours.

8 (d) Promulgate rules and issue declaratory rulings to
9 implement this act under the administrative procedures act of 1969,
10 1969 PA 306, MCL 24.201 to 24.328.

11 (e) Conduct investigations as necessary to determine whether
12 there is reason to believe that a violation of this act occurred.
13 The bureau of elections shall conduct an investigation under the
14 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
15 24.328.

16 Sec. 7. (1) A citizen of this state may file a complaint with
17 the bureau of elections alleging a violation of this act. If it
18 receives a complaint, the bureau of elections shall investigate the
19 allegations as provided in section 6.

20 (2) If the bureau of elections determines after an
21 investigation that there is reason to believe a violation of this
22 act occurred, the bureau of elections shall forward the results of
23 that investigation to the attorney general for enforcement of this
24 act. However, if the attorney general is the subject of the
25 complaint and the bureau of elections determines after an
26 investigation that there is reason to believe that the attorney
27 general violated this act, the bureau of elections shall instead
28 forward the results of the investigation to the prosecuting
29 attorney for Ingham County for enforcement of this act.



1 (3) The attorney general shall enforce this act against an
2 individual who violates this act.

3 Sec. 8. (1) An individual who fails to file a report as
4 required under this act shall pay a late filing fee of not more
5 than \$5,000.00, determined as follows:

6 (a) Twenty-five dollars for each of the first 10 business days
7 that the report remains unfiled.

8 (b) Fifty dollars for each business day after the first 10
9 business days that the report remains unfiled.

10 (2) If an individual required to file a report under this act
11 knowingly files an incomplete or inaccurate report, the individual
12 is guilty of a misdemeanor punishable by a fine of not more than
13 \$10,000.00.

14 (3) A default in the payment of a fee or civil fine due or
15 ordered under this act, or an installment of the fee or fine, may
16 be remedied by any means available under the revised judicature act
17 of 1961, 1961 PA 236, MCL 600.101 to 600.9947.

18 Enacting section 1. This act takes effect May 1, 2020.

