

SENATE BILL NO. 963

March 15, 2022, Introduced by Senator BUMSTEAD 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 4, 6a, and 8 (MCL 4.414, 4.416a, and 4.418), section 4 as amended by 2008 PA 289, section 6a as added by 1994 PA 383, and section 8 as amended by 1994 PA 412, and by adding section 19b; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4. (1) "Gift" means a payment, advance, forbearance, or
2 the rendering or deposit of money, services, or anything of value,
3 ~~the value of which exceeds \$25.00, as adjusted under section 19a,~~
4 ~~in any 1-month period,~~ unless consideration of equal or greater
5 value is received ~~therefor.~~ **in exchange.** Gift includes a payment,
6 advance, forbearance, or the rendering or deposit of money,
7 services, or anything of value to aid the defense of an official in
8 the legislative branch or an official in the executive branch
9 against a legal action not directly related to the governmental
10 duties of the official. Gift does not include **any of** the following:

11 (a) A campaign contribution otherwise reported as required by
12 the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to
13 169.282.

14 (b) A loan made in the normal course of business by an
15 institution as defined in chapter 1 of the banking code of 1999,
16 1999 PA 276, MCL 487.11101 to 487.11203, a national bank, a branch
17 bank, an insurance company issuing a loan or receiving a mortgage
18 in the normal course of business, a premium finance company, a
19 mortgage company, a small loan company, a state or federal credit
20 union, a savings and loan association chartered by this state or
21 the federal government, or a licensee as defined by the motor
22 vehicle sales finance act, 1950 (Ex Sess) PA 27, MCL 492.101 to
23 492.141.

24 (c) A gift received from a member of the ~~person's~~ **individual's**
25 immediate family, a relative of a spouse, a relative within the
26 seventh degree of consanguinity as computed by the civil law
27 method, or from the spouse of the relative.

28 (d) A breakfast, luncheon, dinner, or other refreshment

1 consisting of food and beverage provided for immediate consumption.

2 (e) A contribution to a legal defense fund that is registered
 3 with the secretary of state under the legal defense fund act, **2008**
 4 **PA 288, MCL 15.521 to 15.539, and whose if the fund's** purpose is to
 5 defend an elected official against any criminal, civil, or
 6 administrative action ~~—~~that arises directly out of the conduct of
 7 the elected official's governmental duties.

8 (2) "Immediate family" means a child residing in an
 9 individual's household, a spouse of an individual, or an individual
 10 claimed by that individual or that individual's spouse as a
 11 dependent for federal income tax purposes.

12 (3) "Loan" means a transfer of money, property, or anything of
 13 ascertainable value in exchange for an obligation, conditional or
 14 not, to repay in whole or in part.

15 Sec. 6a. (1) A member of the Michigan senate or house of
 16 representatives who resigns from office shall not make expenditures
 17 for or receive compensation or reimbursement for actual expenses
 18 for lobbying for the remainder of the term of office from which the
 19 person resigned.

20 (2) **Except as provided in subsection (1), for 2 years after**
 21 **leaving office, a former member of the Michigan senate or house of**
 22 **representatives shall not make expenditures for or receive**
 23 **compensation or reimbursement for actual expenses for lobbying that**
 24 **equal or exceed the limit established to require registration as a**
 25 **lobbyist agent.**

26 (3) ~~(2) A person~~ **An individual** who violates this section is
 27 guilty of a misdemeanor punishable by ~~a fine of not more than~~
 28 ~~\$1,000.00 or by imprisonment for not more than 90 days~~ **or a fine of**
 29 **not more than \$1,000.00, or both.**

1 Sec. 8. (1) A lobbyist or a lobbyist agent shall file a signed
 2 report in a form prescribed by the secretary of state under this
 3 section. ~~A report shall be filed on January 31 covering the~~
 4 ~~calendar year ending on the immediately preceding December 31, and~~
 5 ~~on August 31 covering the immediately preceding December 31 to July~~
 6 ~~31.~~ **All of the following apply to a report required to be filed**
 7 **under this subsection:**

8 **(a) A lobbyist or lobbyist agent shall file a report that**
 9 **covers the immediately preceding monthly reporting period not more**
 10 **than 15 days after the monthly reporting period.**

11 **(b)** A report shall be filed by a lobbyist or for the lobbyist
 12 by the lobbyist agent who acts on behalf of the lobbyist, and the
 13 lobbyist agent who acts on his or her own behalf.

14 **(c)** A lobbyist or a lobbyist agent may request from the
 15 secretary of state an extension of the deadline for filing the
 16 report for a period ~~not to~~ **that does not** exceed ~~60~~ **30** days. The
 17 secretary of state shall respond in writing to the request, either
 18 approving or disapproving the request, and if approval is granted,
 19 the period of the extension, not later than 9 days after receipt of
 20 the request.

21 **(d)** A lobbyist or lobbyist agent may file an amended report
 22 ~~within 1 year~~ **not later than 30 days** after the date ~~he or she is~~
 23 **required to file** the report, ~~is required to be filed,~~ including an
 24 extension period.

25 **(e)** The report ~~shall be on a prescribed form and shall must~~
 26 include **all of** the following information:

27 **(i)** ~~(a)~~ A statement updating to the end of the reporting period
 28 the information required to be filed under section 7.

29 **(ii)** ~~(b)~~ An account of expenditures made by a lobbyist,

lobbyist agent, or representative of a lobbyist. The expenditures ~~shall~~**must** be reported by category, with the report showing the total amount expended in each category during the **immediately** preceding reporting period and the cumulative amount expended in each category for the current year from January 1 through the ~~month~~**last day of the reporting period** covered by the report.

Expenditures ~~shall~~**must** be reported in the following categories:

(A) ~~(i)~~—Expenditures for food and beverage provided for public officials as specified in subsection (2).

(B) ~~(ii)~~—Advertising and mass mailing expenses directly related to lobbying.

(C) ~~(iii)~~—Other expenditures for lobbying made or incurred by a lobbyist, a lobbyist agent, or an employee of a lobbyist or lobbyist agent. ~~, other than expenditures for lobbying made or 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 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 **any of** the following:

(A) ~~(i)~~—A financial transaction in the ordinary course of the business of the lobbyist, if the primary business of the lobbyist is other than lobbying, and if consideration of equal or greater 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.

(iv) ~~(d)~~—A brief description of the lobbying activities engaged in during the ~~previous~~ **immediately preceding** reporting period.

(v) ~~(e)~~ ~~In the case of~~ **For** travel and lodging expenses described in ~~subdivision (e),~~ **subparagraph (iii)**, the lobbyist or lobbyist agent shall prepare a separate document detailing the expenditure required to be reported. 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~~ **The report for expenditures** for food and beverage provided **to** a public official ~~shall be reported 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~~ **month** covered by the report and for the year. If more than 1 public official 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

1 event at which more than 25 public officials were in attendance,
 2 ~~are a result of an event to which an entire standing committee of~~
 3 the legislature was invited in writing to be informed concerning a
 4 bill that was assigned to that standing committee, or ~~are a result~~
 5 ~~of an event to which an entire caucus of either house of the~~
 6 legislature was invited in writing, a lobbyist or a lobbyist agent
 7 shall report the total amount expended on the public officials in
 8 attendance for food and beverage and is not required to report the
 9 amount expended on the public officials individually. In reporting
 10 those amounts, the lobbyist or lobbyist agent shall file a
 11 statement providing a description by category of the persons in
 12 attendance and the nature of each event or function held during the
 13 **immediately** preceding reporting period.

14 (3) ~~A person~~ **An individual** who ~~without good cause~~ fails to
 15 report under subsection (1) shall pay a late filing fee of \$10.00
 16 for each day the report remains ~~not filed~~ **unfiled** in violation of
 17 subsection (1), ~~not to~~ **but the aggregate amount of the filing fee**
 18 **for a single unfiled report must not** exceed \$300.00. ~~A person~~ **An**
 19 **individual** who without good cause is in violation of subsection (1)
 20 more than 30 days is guilty of a misdemeanor ~~punishable by a fine~~
 21 of not more than \$1,000.00.

22 (4) If a lobbyist agent employs another lobbyist agent to
 23 engage in lobbying, the **employer lobbyist agent must report the**
 24 activities of the employee lobbyist agent ~~shall be reported by the~~
 25 ~~employer lobbyist agent~~ under this section.

26 (5) Within a reasonable time after receipt of a request from
 27 an elected public official in regard to a report of a lobbyist or a
 28 lobbyist agent, the secretary of state shall report to the elected
 29 public official on any reported activity by the lobbyist or

1 lobbyist agent in that report, and shall notify the elected public
2 official of the specific occurrence and the specific nature of the
3 reported activity.

4 (6) The secretary of state shall preserve statements and
5 reports filed under this act for 5 years after **the date of** filing.
6 The **secretary of state may reproduce the** statements and reports ~~may~~
7 ~~be reproduced pursuant to~~ **under** the records media act, **1992 PA 116,**
8 **MCL 24.401 to 24.403.** After the required preservation period, the
9 **secretary of state shall destroy the** statements and reports, or the
10 reproductions of the statements and reports, other than those
11 necessary to complete an investigation by the attorney general or
12 pertinent to a matter being adjudicated in a court of law. ~~, shall~~
13 ~~be destroyed.~~

14 (7) As used in this section, "monthly reporting period" or
15 "reporting period" means the first day of an applicable month to
16 the last day of that month.

17 Sec. 19b. (1) Beginning on the effective date of the
18 amendatory act that added this section, the monetary amounts
19 established under this act for registration thresholds and
20 penalties that are in effect on that date remain in effect and must
21 be adjusted each January 1 pursuant to the annual average
22 percentage increase or decrease in the Detroit consumer price
23 index—all items. The adjustment for each year must be made by
24 comparing the percentage increase or decrease in the Detroit
25 consumer price index for the preceding August by the corresponding
26 consumer price index—all items 1 year earlier. The resultant
27 percentage change must then be multiplied by the affected monetary
28 amounts. These results must be rounded up to the nearest dollar for
29 amounts established on the effective date of this section that are

1 \$100.00 or less and rounded up to the nearest \$25.00 for amounts
2 established on the effective date of this section that are more
3 than \$100.00 and added to or subtracted from the current monetary
4 amounts as previously adjusted by this section that are the new
5 amounts for that year.

6 (2) The adjustments apply only to violations that occur after
7 the date the amounts are adjusted.

8 (3) The secretary of state shall do all of the following:

9 (a) Determine and announce the adjusted amounts on or before
10 December 15 of each year.

11 (b) Provide the adjusted amounts to all persons that request
12 the amounts.

13 (4) If the index is unavailable, the secretary of state must
14 make a reasonable approximation.

15 Enacting section 1. Section 19a of 1978 PA 472, MCL 4.429a, is
16 repealed.