

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 614**

A bill to require certain candidates for state elective office to file financial disclosure reports; to create a financial disclosure form; to prescribe penalties and civil sanctions; and to provide for the powers and duties of certain state and local governmental officers and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) This act may be cited as the "candidate for office
2 financial disclosure act".

3 (2) The financial disclosures required by this act represent a
4 minimum expectation of transparency, and individuals subject to
5 this act are encouraged to make financial disclosures in addition
6 to those required by this act.

7 Sec. 3. As used in this act:



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

3 (b) "Candidate for office" means a candidate for any of the
4 following offices who is subject to the Michigan campaign finance
5 act, 1976 PA 388, MCL 169.201 to 169.282, and whose candidate
6 committee received or expended more than \$1,000.00 during the
7 election cycle:

8 (i) Governor.

9 (ii) Lieutenant governor.

10 (iii) Secretary of state.

11 (iv) Attorney general.

12 (v) State representative.

13 (vi) State senator.

14 (c) "Department" means the department of state.

15 (d) "Earned income" means salaries, wages, tips, bonuses,
16 commissions, or other compensation or earnings from employment
17 earned during the reporting period.

18 (e) "Form" means the financial disclosure form created by the
19 department in accordance with section 11.

20 (f) "Gift" means that term as defined in section 7 of the
21 Michigan campaign finance act, 1976 PA 388, MCL 169.207.

22 (g) "Honorarium" means that term as defined in section 7 of
23 the Michigan campaign finance act, 1976 PA 388, MCL 169.207.

24 (h) "Liabilities" means what a person owes to another person,
25 including, but not limited to, mortgages or other debts. For
26 purposes of this act, a debt does not include a revolving debt, an
27 unsecured debt that is from a financial institution or the federal
28 government, or a debt owed by a business entity.

29 (i) "Report" means the financial disclosure report required



1 under section 10 of article IV of the state constitution of 1963.

2 (j) "Reporting period" means the preceding calendar year.

3 (k) "Spouse" means an individual who is lawfully married to a
4 candidate for office as described under 26 CFR 30.7701-18.

5 (l) "Unearned income" means income that is not earned from
6 employment, including, but not limited to, financial prize,
7 unemployment benefits, annuities, stock dividends, deferred
8 compensation, pension, profit sharing, or retirement income.
9 Unearned income does not include inheritance money or a familial
10 gift.

11 Sec. 5. (1) A candidate for office shall file a financial
12 disclosure report with the department.

13 (2) Subject to subsection (4), the report required under this
14 section must first be filed by May 15, 2024, and by May 15 of each
15 year thereafter in which there is an election involving a candidate
16 for office, or if the candidate for office files a statement of
17 organization for that candidate's candidate committee after May 15
18 in order to be nominated by a political party at the political
19 party's nominating convention, the report required to be filed
20 under this subsection must be filed no later than 15 days after
21 that candidate files the statement of organization for that
22 candidate's candidate committee.

23 (3) If a candidate for office who is required to file a report
24 under this act receives notice from the secretary of state under
25 section 13(1)(g), the candidate for office shall, within 9 business
26 days after receiving the notice, file corrections to the errors or
27 omissions or file the report, as applicable.

28 (4) If a candidate for office is not elected, that candidate
29 for office is not required to file the report required under this



1 section for any year after the year in which the candidate for
2 office ran for that public office unless that candidate runs again
3 as a candidate for office.

4 Sec. 7. (1) A report required under section 5 must include a
5 complete statement of all of the following:

6 (a) The full name, mailing address, telephone number, and
7 email address of the candidate for office.

8 (b) The name and address of the employer of the candidate for
9 office and the positions held during the reporting period, if the
10 candidate for office receives \$1,000.00 or more in annual income
11 from each position.

12 (c) The name of the spouse of the candidate for office, the
13 occupation of the spouse of the candidate for office, and the name
14 of the employer or employers of the candidate for office's spouse.

15 (d) Whether the spouse of the candidate for office was
16 registered as a lobbyist or lobbyist agent under 1978 PA 472, MCL
17 4.411 to 4.431, during the reporting period.

18 (e) A list of all positions currently held as an officer,
19 director, trustee, partner, proprietor, representative, employee,
20 or consultant of any organization, corporation, firm, partnership,
21 or other business enterprise, nonprofit organization, labor
22 organization, or educational or other institution other than this
23 state. If this subdivision applies, the candidate for office shall
24 include the name of the organization. For purposes of this
25 subdivision, positions held in any religious, social, fraternal, or
26 political entity, or positions that are solely of an honorary
27 nature, are excluded.

28 (f) The source of earned income received during the reporting
29 period by the candidate for office. For purposes of this



1 subdivision, the candidate for office must report each source of
2 income received during the reporting period that is \$1,000.00 or
3 more.

4 (g) Except as otherwise provided in this subdivision, a list
5 of each asset, excluding a business asset, held for investment or
6 production of income with a fair market value of \$1,000.00 or more
7 during the reporting period and any sources of unearned income that
8 exceed \$200.00 during the reporting period. The fair market value
9 for the purpose of listing each asset, excluding a business asset,
10 held for investment or production of income under this subdivision
11 must be adjusted for inflation every 4 years using the Detroit
12 Consumer Price Index, and rounded up to the nearest \$1,000.00.

13 (h) A list of all liabilities that exceed \$10,000.00 owed by
14 the candidate for office to a creditor at any time during the
15 reporting period.

16 (i) Except as otherwise provided in this subdivision, a list
17 of any stocks, bonds, or other forms of securities held by the
18 candidate for office or held jointly with the spouse of the
19 candidate for office during the reporting period, if the security
20 has a total aggregate fair market value of \$1,000.00 or more. The
21 fair market value for the purpose of listing stocks, bonds, or
22 other forms of securities under this subdivision must be adjusted
23 for inflation every 4 years using the Detroit Consumer Price Index,
24 and rounded up to the nearest \$1,000.00. For purposes of this act,
25 a candidate for office is not required to disclose a stock in a
26 widely held investment fund, including, but not limited to, a
27 mutual fund, regulated investment company, pension or deferred
28 compensation plan, or other investment fund, if both of the
29 following apply:



1 (i) Either the fund is publicly traded or the assets of the
2 fund are widely diversified.

3 (ii) The candidate for office or the candidate for office's
4 spouse does not exercise control over or have the ability to
5 exercise control over the financial interests held by the fund.

6 (j) A list of any real property in which the candidate for
7 office holds an ownership or other financial interest. For purposes
8 of this subdivision, the candidate for office is required to
9 include a real property in the report only if that real property
10 has a fair market value of \$1,000.00 or more during the reporting
11 period. A candidate for office filing a report may exclude the
12 street number of a parcel of real property under this subdivision.

13 (k) The date, identity of parties to, and general terms of any
14 agreements or arrangements with respect to future employment, a
15 leave of absence while a candidate for office, continuation or
16 deferral of payments by a former or current employer other than
17 this state, or continuing participation in an employee welfare or
18 benefit plan maintained by a former employer.

19 (l) If applicable, a statement indicating that the candidate
20 for office or the spouse of the candidate for office is a
21 registered vendor with this state, has a majority interest in a
22 company that is a registered vendor with this state, or is employed
23 by a company that is a registered vendor with this state. If the
24 candidate for office or the spouse of the candidate for office is a
25 registered vendor with this state or has a majority interest in a
26 company that is a registered vendor with this state, the candidate
27 for office shall include the name of the company and a description
28 of all contracts entered into with this state by the candidate for
29 office, public spouse of the candidate for office, or company in



1 which the candidate for office or spouse of the candidate for
2 office has a majority interest during the reporting period. If the
3 candidate for office or spouse of the candidate for office is
4 employed by a company that is a registered vendor with this state,
5 the candidate for office shall include the name of the company and
6 a description of all contracts entered into with this state that
7 the candidate for office or the spouse of the candidate for office
8 worked on directly during the reporting period.

9 (2) A candidate for office is not required to disclose the
10 value of any real property or property disclosed under subsection
11 (1).

12 (3) A report required under section 5 must include the
13 following certification: "I certify that the statements I have made
14 on this financial disclosure form are true, complete, and correct
15 to the best of my knowledge and belief, and that I have not moved
16 assets during the reporting period for the purpose of avoiding
17 disclosure under the candidate for office financial disclosure
18 act."

19 Sec. 9. A candidate for office filing a report under section 5
20 may omit any of the following:

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

23 (b) An item otherwise required to be reported under section
24 7(1)(i) or (j) if all of the following apply:

25 (i) The item represents the exclusive financial interest and
26 responsibility of the spouse of the candidate for office about
27 which the candidate for office does not have control.

28 (ii) The item is not in any way derived from the income,
29 assets, or activities of the candidate for office.



1 (iii) The candidate for office does not derive, or expect to
2 derive, financial benefit from the item.

3 (c) An item that concerns a spouse who is living separate and
4 apart from the candidate for office with the intention of
5 terminating the marriage or maintaining a legal separation.

6 (d) An item that concerns income of the candidate for office
7 arising from dissolution of the candidate for office's marriage or
8 a permanent legal separation from the spouse of the candidate for
9 office.

10 Sec. 11. (1) Within 30 days after the effective date of this
11 act, the department shall create a standard financial disclosure
12 form that incorporates the requirements of section 7 for use by a
13 candidate for office to file the financial disclosure report
14 required under this act.

15 (2) The department shall, no later than March 15, 2024, make
16 the form created under this section easily accessible on its
17 website.

18 Sec. 13. (1) The secretary of state shall do all of the
19 following:

20 (a) Make available through the secretary of state's offices
21 appropriate forms, instructions, and manuals required by this act.

22 (b) Create and operate an electronic, internet-accessible
23 system to receive all statements and reports required by this act
24 to be filed with the secretary of state.

25 (c) Create all forms, instructions, and manuals required under
26 this act.

27 (d) Issue declaratory rulings to implement this act under the
28 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
29 24.328.



1 (e) On receiving a written request and the required filing,
2 waive payment of a late filing fee if the request for the waiver is
3 based on good cause and accompanied by adequate documentation. One
4 or more of the following reasons constitute good cause for a late
5 filing fee waiver:

6 (i) The incapacitating physical illness, hospitalization,
7 accident involvement, death, or incapacitation for medical reasons
8 of a candidate for office or an individual whose participation is
9 essential to the preparation of the report.

10 (ii) Other unique, unintentional factors beyond the control of
11 the candidate for office that are not the result of a negligent act
12 or nonaction so that a reasonably prudent person would excuse the
13 filing on a temporary basis. These factors include the loss or
14 unavailability of records because of a fire, flood, theft, or
15 similar reason and difficulties related to the transmission of the
16 filing to the secretary of state, such as exceptionally bad
17 weather.

18 (f) As soon as practicable, but not later than 5 business days
19 after a report required to be filed under this act is received,
20 make the report or all of the contents of the report available
21 without charge to the public on a separate webpage or its website
22 homepage.

23 (g) Within 9 business days after the deadline for filing a
24 report under this act, notify, by registered mail or email, an
25 individual of any error or omission in the individual's report or
26 that the individual failed to file the required report.

27 (2) The secretary of state shall issue a declaratory ruling
28 under this section only if the person requesting the ruling has
29 provided a reasonably complete statement of facts necessary for the



1 ruling or if the person requesting the ruling has, with the
2 permission of the secretary of state, supplied supplemental facts
3 necessary for the ruling. Within 2 business days after receiving a
4 request for a declaratory ruling, the secretary of state shall make
5 the request available in the manner provided for under subsection
6 (1)(f). An interested person may submit written comments regarding
7 the request to the secretary of state within 10 business days after
8 the date the request is made available to the public. Within 45
9 business days after receiving a declaratory ruling request, the
10 secretary of state shall make a proposed response available in the
11 manner provided for under subsection (1)(f). An interested person
12 may submit written comments regarding the proposed response to the
13 secretary of state within 5 business days after the date the
14 proposal is made available to the public. Except as otherwise
15 provided in this section, the secretary of state shall issue a
16 declaratory ruling within 60 business days after receiving a
17 request for a declaratory ruling. The secretary of state may refuse
18 to issue a declaratory ruling or an interpretive statement under
19 this act if the request is anonymous, the secretary of state
20 determines that the subject matter of the request is frivolous on
21 its face, or the request is indefinite or lacks specificity. If the
22 secretary of state refuses to issue a declaratory ruling, the
23 secretary of state shall notify the person making the request of
24 the reasons for the refusal and issue an interpretive statement
25 providing an informational response to the question presented
26 within the 60-day period. A declaratory ruling or interpretive
27 statement issued under this section must not state a general rule
28 of law, other than that which is stated in this act, or under
29 judicial order.



1 (3) Under extenuating circumstances, the secretary of state
2 may issue a notice extending, for not more than 30 business days,
3 the period during which the secretary of state shall respond to a
4 request for a declaratory ruling. The secretary of state shall not
5 issue more than 1 notice of extension for a particular request. A
6 person requesting a declaratory ruling may waive, in writing, the
7 time limitations provided by this section.

8 (4) The secretary of state shall make available to the public
9 an annual summary of the declaratory rulings and interpretive
10 statements issued by the secretary of state under this section.

11 (5) A person may file with the secretary of state a complaint
12 that alleges a violation of this act. Within 5 business days after
13 a complaint that meets the requirements of subsection (6) is filed,
14 the secretary of state shall mail notice to the person against whom
15 the complaint is filed. The notice must include a copy of the
16 complaint. Within 15 business days after the notice is mailed, the
17 person against whom the complaint was filed may submit a response
18 to the secretary of state. The secretary of state may extend the
19 period for submitting a response an additional 15 business days for
20 good cause. The secretary of state shall mail a copy of a response
21 received to the complainant. Within 10 business days after the
22 response is mailed, the complainant may submit a rebuttal statement
23 to the secretary of state. The secretary of state may extend the
24 period for submitting a rebuttal statement an additional 10
25 business days for good cause. The secretary of state shall provide
26 a copy of the rebuttal statement to the person against whom the
27 complaint was filed. If, on review of the complaint, the secretary
28 of state determines that the complaint is frivolous, illegible,
29 indefinite, or unsigned, or does not identify an alleged violator,



1 allege a violation of the act, or contain a verification statement,
2 the secretary of state may summarily dismiss the complaint without
3 prejudice. If a complaint is summarily dismissed, the complainant
4 must be notified in writing as to the reason the complaint was
5 dismissed. The secretary of state may consolidate similar
6 complaints.

7 (6) A complaint filed under subsection (5) must satisfy all of
8 the following requirements:

9 (a) Be signed by the complainant.

10 (b) State the name, address, and telephone number of the
11 complainant.

12 (c) Include the complainant's certification that, to the best
13 of the complainant's knowledge, information, and belief, formed
14 after a reasonable inquiry under the circumstances, each factual
15 contention of the complaint is supported by evidence. However, if,
16 after a reasonable inquiry under the circumstances, the complainant
17 is unable to certify that certain factual contentions are supported
18 by evidence, the complainant may certify that, to the best of the
19 complainant's knowledge, information, or belief, there are grounds
20 to conclude that those specifically identified factual contentions
21 are likely to be supported by evidence after a reasonable
22 opportunity for further inquiry.

23 (7) A person shall not file a complaint with a false
24 certificate under subsection (6) (c). A person may file a complaint
25 under subsection (5) alleging that another person has filed a
26 complaint with a false certificate under subsection (6) (c).

27 (8) The secretary of state shall investigate allegations
28 brought under this act. If an allegation involves the secretary of
29 state, or the secretary of state's spouse, the secretary of state



1 shall refer the matter to the attorney general to determine whether
2 a violation of this act occurred.

3 (9) No later than 45 business days after receiving a rebuttal
4 statement submitted under subsection (5) or, if no response or
5 rebuttal is received under subsection (5), 45 business days after
6 receiving a complaint under subsection (5), the secretary of state
7 shall post on the secretary of state's website whether there may be
8 reason to believe that a violation of this act occurred. If the
9 secretary of state determines whether there may be reason to
10 believe that a violation of this act occurred or determines to
11 terminate its proceedings, the secretary of state shall, within 30
12 days after that determination, post on the secretary of state's
13 website any complaint, response, or rebuttal statement received
14 under subsection (5) regarding that violation or alleged violation
15 and any correspondence that is dispositive of that violation or
16 alleged violation between the secretary of state and the
17 complainant or the person against whom the complaint was filed. If
18 the secretary of state determines there may be reason to believe
19 that a violation of this act occurred, the secretary of state shall
20 endeavor to correct the violation or prevent a further violation by
21 using informal methods such as a conference, conciliation, or
22 persuasion, and may enter into a conciliation agreement with the
23 person involved. Unless violated, a conciliation agreement is a
24 complete bar to any further civil action with respect to matters
25 covered in the conciliation agreement. The secretary of state
26 shall, within 30 days after a conciliation agreement is signed,
27 post that agreement on the department's website. If, after 90
28 business days, the secretary of state is unable to correct or
29 prevent further violation by these informal methods, the secretary



1 of state may commence a hearing as provided in subsection (10) for
2 enforcement of this act.

3 (10) The secretary of state may commence a hearing to
4 determine whether a violation of this act occurred. The hearing
5 must be conducted in accordance with chapter 4 of the
6 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to
7 24.288.

8 (11) A final decision or order issued by the secretary of
9 state under this act is subject to judicial review as provided
10 under chapter 6 of the administrative procedures act of 1969, 1969
11 PA 306, MCL 24.301 to 24.306. The secretary of state shall deposit
12 a civil fine imposed under this act in the general fund. The
13 secretary of state may bring an action in circuit court to recover
14 the amount of a civil fine.

15 (12) The secretary of state shall review a report or statement
16 filed under this act and may investigate an apparent violation of
17 this act. If the secretary of state determines that there may be
18 reason to believe a violation of this act occurred and the
19 procedures prescribed in subsection (9) have been complied with,
20 the secretary of state may commence a hearing under subsection (10)
21 to determine whether a violation of this act occurred.

22 (13) There is no private right of action, either in law or in
23 equity, under this act. The remedies provided in this act are the
24 exclusive means by which this act may be enforced and by which any
25 harm resulting from a violation of this act may be redressed.

26 (14) The secretary of state shall preserve a report filed
27 under this act for 15 years after the date the report is filed. If
28 the secretary of state or attorney general determines under this
29 section that a violation of this act occurred, the secretary of



1 state shall preserve all complaints, orders, decisions, or other
2 documents related to that violation for 15 years after the date of
3 the determination or the date the violation is corrected, whichever
4 is later. Reports filed under this act may be reproduced under the
5 records reproduction act, 1992 PA 116, MCL 24.401 to 24.406. After
6 the required preservation period, the reports, or the reproductions
7 of the reports, may be disposed of in the manner prescribed in the
8 management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, and
9 section 11 of the Michigan history center act, 2016 PA 470, MCL
10 399.811.

11 Sec. 15. (1) An individual who fails to file a report as
12 required under this act shall pay a late filing fee of \$25.00 for
13 each business day after the first 10 business days that the report
14 remains unfiled. The fee imposed under this subsection must not
15 exceed \$1,000.00.

16 (2) A late filing fee collected under this act must be
17 deposited into the general fund.

18 (3) An individual who knowingly files an incomplete or
19 inaccurate report in violation of this act may be ordered to pay a
20 civil fine of not more than \$2,000.00.

21 (4) A late filing fee assessed or civil fine imposed under
22 this act that remains unpaid for more than 180 days must be
23 referred to the department of treasury for collection.

24 (5) The amount of a late filing fee assessed or civil fine
25 imposed under this act must be adjusted for inflation every 4 years
26 using the Detroit Consumer Price Index.

27 Enacting section 1. This act does not take effect unless
28 Senate Bill No. 613 of the 102nd Legislature is enacted into law.

