

HOUSE BILL NO. 4646

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

A bill to regulate political activity; to require certain elected state officers and candidates for state elective office 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:

1 Sec. 1. This act shall be known and may be cited as the
2 "executive branch personal financial disclosure act".

3 Sec. 2. As used in this act:



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

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

5 (c) "Candidate for state office" means a candidate for any of
6 the following offices:

7 (i) Governor.

8 (ii) Lieutenant governor.

9 (iii) Secretary of state.

10 (iv) Attorney general.

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

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

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

24 (g) "Principal residence" means that term as defined under
25 section 7dd of the general property tax act, 1893 PA 206, MCL
26 211.7dd.

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

29 Sec. 3. (1) If an individual is a state official at any time



1 during a calendar year, that individual shall file with the bureau
 2 of elections by May 1 of the following year a report that meets the
 3 requirements of section 4. This subsection does not apply to an
 4 individual who was a state official only on the first day of the
 5 calendar year.

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

14 (3) An individual who is a candidate for the office of
 15 governor shall, in addition to the report required under subsection
 16 (1), file with the bureau of elections on June 15 of the year in
 17 which the election for the office of governor will be held a copy
 18 of the individual's federal tax returns for the 3 preceding
 19 calendar years. A social security number on a tax return filed
 20 under this subsection may be redacted.

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

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

26 (b) The name of each member of the immediate family of the
 27 individual filing the report.

28 (c) The name, address, and principal activity of each employer
 29 of the individual and of each member of the immediate family of the



1 individual filing the report during the calendar year covered by
2 the report.

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

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

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

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

17 (f) Excluding a primary residence, the address of each parcel
18 of real property held during the preceding calendar year by the
19 individual filing the report or a member of the immediate family of
20 that individual if the real property had a fair market value of
21 \$50,000.00 or more at any time the real property was held during
22 the preceding calendar year. An individual filing a report may
23 exclude the street number of a parcel of real property listed under
24 this subdivision.

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



1 or more at any time the security was held during the preceding
2 calendar year.

3 (h) A description of any interest in 1 of the following types
4 of assets, if the interest in the asset has a value of \$10,000.00
5 or more at any time the asset was held during the preceding
6 calendar year:

7 (i) A qualified or nonqualified annuity.

8 (ii) A benefit under a qualified or nonqualified plan of
9 deferred compensation.

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

12 (iv) An individual retirement account or trust.

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

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



1 of the entity.

2 (j) If the individual filing the report or a member of the
3 immediate family of that individual was required during the
4 previous calendar year to register as a lobbyist or lobbyist agent
5 under section 7 of 1978 PA 472, MCL 4.417, the name, address, and
6 principal activity of all persons who gave compensation to or
7 reimbursed the individual or immediate family member for lobbying.
8 As used in this subdivision, "immediate family" includes the parent
9 of an individual and the spouse of a child of an individual.

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

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

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

28 (b) "Blind trust" means that term as defined in 5 CFR
29 2634.403.



1 Sec. 5. A person filing a report under section 3 may omit any
2 of the following:

3 (a) Information a person is required to report under the
4 Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

5 (b) An item otherwise required to be reported under section
6 4(1)(f) or (g) if all of the following apply:

7 (i) The item represents the sole financial interest and
8 responsibility of a member of the immediate family of the
9 individual filing the report about which the individual filing the
10 report does not have actual knowledge.

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

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

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

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

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

28 (f) Benefits received under the social security act, chapter
29 531, 49 Stat 620.



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

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

4 (b) Receive reports required by this act.

5 (c) As soon as practicable, but not later than the end of the
6 business day on which a report required to be filed under this act
7 is received, make the report or all of the contents of the report
8 available without charge to the public on the internet at a single
9 website established and maintained by the secretary of state, and
10 not later than the third business day following the day on which
11 the report is received, make the report available for public
12 inspection and reproduction during regular business hours.

13 (d) Promulgate rules and issue declaratory rulings to
14 implement this act under the administrative procedures act of 1969,
15 1969 PA 306, MCL 24.201 to 24.328.

16 (e) Conduct investigations as necessary to determine whether
17 there is reason to believe that a violation of this act occurred.
18 The bureau of elections shall conduct an investigation under the
19 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
20 24.328.

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

25 (2) If the bureau of elections determines after an
26 investigation that there is reason to believe a violation of this
27 act occurred, the bureau of elections shall forward the results of
28 that investigation to the attorney general for enforcement of this
29 act. However, if the attorney general is the subject of the



1 complaint and the bureau of elections determines after an
2 investigation that there is reason to believe that the attorney
3 general violated this act, the bureau of elections shall instead
4 forward the results of the investigation to the prosecuting
5 attorney for Ingham County for enforcement of this act.

6 (3) The attorney general or, if the attorney general is the
7 individual who is alleged to have violated this act, the
8 prosecuting attorney for Ingham County shall enforce this act
9 against an individual who violates this act.

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

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

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

17 (2) If an individual required to file a report under this act
18 knowingly files an incomplete or inaccurate report, the individual
19 is guilty of a misdemeanor punishable by a fine of not more than
20 \$10,000.00.

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

25 Enacting section 1. This act takes effect 90 days after the
26 date it is enacted into law.

