

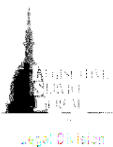
HOUSE BILL NO. 4649

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

A bill to regulate political activity; to require members of and candidates for the state board of education 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 "state



1 board of education 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 the office of
8 member of the state board of education.

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

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

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

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

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

27 Sec. 3. (1) If an individual is a state official at any time
28 during a calendar year, that individual shall file with the bureau
29 of elections by May 1 of the following year a report that meets the



1 requirements of section 4. This subsection does not apply to an
2 individual who was a state official only on the first day of the
3 calendar year.

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

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

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

17 (b) The name of each member of the immediate family of the
18 individual filing the report.

19 (c) The name, address, and principal activity of each employer
20 of the individual and of each member of the immediate family of the
21 individual filing the report during the calendar year covered by
22 the report.

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

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

28 (ii) The source and type of earned income received during the
29 preceding calendar year by each member of the immediate family of



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

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

8 (f) Excluding a primary residence, the address of each parcel
9 of real property held during the preceding calendar year by the
10 individual filing the report or a member of the immediate family of
11 that individual if the real property had a fair market value of
12 \$50,000.00 or more at any time the real property was held during
13 the preceding calendar year. An individual filing a report may
14 exclude the street number of a parcel of real property listed under
15 this subdivision.

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

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

27 (i) A qualified or nonqualified annuity.

28 (ii) A benefit under a qualified or nonqualified plan of
29 deferred compensation.



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

3 (iv) An individual retirement account or trust.

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

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

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



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

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

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

19 (b) "Blind trust" means that term as defined in 5 CFR
20 2634.403.

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

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

25 (b) An item otherwise required to be reported under section
26 4(1)(f) or (g) if all of the following apply:

27 (i) The item represents the sole financial interest and
28 responsibility of a member of the immediate family of the
29 individual filing the report about which the individual filing the



1 report does not have actual knowledge.

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

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

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

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

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

19 (f) Benefits received under the social security act, chapter
20 531, 49 Stat 620.

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

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

24 (b) Receive reports required by this act.

25 (c) As soon as practicable, but not later than the end of the
26 business day on which a report required to be filed under this act
27 is received, make the report or all of the contents of the report
28 available without charge to the public on the internet at a single
29 website established and maintained by the secretary of state, and



1 not later than the third business day following the day on which
2 the report is received, make the report available for public
3 inspection and reproduction during regular business hours.

4 (d) Promulgate rules and issue declaratory rulings to
5 implement this act under the administrative procedures act of 1969,
6 1969 PA 306, MCL 24.201 to 24.328.

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

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

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

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

28 Sec. 8. (1) An individual who fails to file a report as
29 required under this act shall pay a late filing fee of not more



1 than \$5,000.00, determined as follows:

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

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

6 (2) If an individual required to file a report under this act
7 knowingly files an incomplete or inaccurate report, the individual
8 is guilty of a misdemeanor punishable by a fine of not more than
9 \$10,000.00.

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

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

