

SFA

BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5383

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Senate Bill 11 (as passed by the Senate)

Sponsor: Senator William Sederburg

Committee: Government Operations

Date Completed: 8-18-89

RATIONALE

It has been claimed by some that the receipt of an honorarium (payment for a speech or appearance) by elected officials may be a way for interest groups to direct money toward those officials, without the officeholder or the interest group having to report the payment as a contribution under the requirements of the campaign finance Act. In recent years, several members of Congress have been criticized for accepting large speaking fees from interest groups and then voting favorably on issues that affected those interest groups. While that is a problem at the Federal level, some are concerned that a similar problem could develop at the State level. The campaign finance Act has no requirement that an honorarium be reported, as either a contribution or any other type of payment. Currently if a legislator accepts an honorarium, all he or she must do is record the payment as ordinary income on the Federal income tax form, which is not public information. Some people feel that it would be in the public interest for elected officials to report honoraria, so that the public could know how much an official had received for speeches or appearances and who made the payments.

CONTENT

The bill would amend the campaign finance Act to define "honorarium", and require elected public officials to report an honorarium to the Secretary of State.

The bill would define "honorarium" as a payment of money or anything of value in excess of \$100 received by an elected public official; if accepted as consideration for an appearance, speech, or article. An honorarium would not include reimbursement for the cost

of transportation, accommodations, or meals for an elected public official and his or her spouse and immediate family. An elected public official would be required to report honoraria before January 31 each year (with a closing date of January 1 each year), on a form provided by the Secretary of State. The form would have to include a space for an elected public official to report whether an honorarium was contributed to a charitable organization on behalf of the public official.

The bill specifies that an honorarium would not be considered a contribution. (An elected public official, then, would not be required to report honoraria in the same manner that other contributions must be reported under the Act.)

The bill states that an elected public official could receive honoraria.

A person who knowingly violated the bill would be guilty of a misdemeanor punishable by a fine of up to \$1,500, imprisonment for up to 90 days, or both.

MCL 169.204 and 169.207

FISCAL IMPACT

Administrative costs to the Department of State associated with this bill would be minimal.

ARGUMENTS**Supporting Argument**

As has been revealed on the Federal level, large sums of money can be exchanged between elected officials and interest groups in the form of an honorarium--that is, payment for a speech

or appearance. Under State law, elected officials have no obligation to report such transactions. It is in the public interest for elected officials to reveal certain sources of income if such income exists especially if that income comes from an interest group that may want to influence an official on an issue.

The bill would place a needed control on the ability of elected officials to accept honoraria, where none exists today. By requiring disclosure of honoraria, the bill would not prevent the acceptance of reward for speeches or appearances, but would ensure that the sources and amounts of honoraria were revealed. In this way members of the public could judge for themselves whether or not an elected official had taken advantage of being an officeholder, or had been unduly influenced by a particular group or association.

Opposing Argument

The bill simply doesn't go far enough. Public officials should be prohibited from accepting honoraria.

Legislative Analyst: G. Towne

Fiscal Analyst: F. Sanchez

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.