

CAMPAIGN FINANCE AMENDMENTS

House Bill 4372 as passed by the House
Sponsor: Rep. Justine Barns

House Bill 5416 as passed by the House
Sponsor: Rep. Frank M. Fitzgerald

Committee: House Oversight & Ethics
First Analysis (4-14-94)

THE APPARENT PROBLEM:

A number of problems with the Michigan Campaign Finance Act have been identified.

-- Committees attempting to influence the outcomes of elections or ballot questions often use names that do not clearly identify the goals of the committee or the source of its support (e.g., the Committee To Make Things Better). Some people believe a political action committee should bear a name that better enables the public to identify its common interest, supporters, or contributors.

-- The act currently requires the reporting of a person's occupation, employer, and principal place of business when he or she makes a contribution of over \$200. One value of such reporting is to reveal patterns of giving, and coordinated giving or "bundling" of contributions, by a group of contributors with a shared interest or profession. Some people believe the threshold amount should be lowered to better enhance public awareness.

-- A 1989 amendment to the act removed, apparently inadvertently, the ability of corporations to contribute to a ballot question committee, although independent expenditures for or against a proposal are permitted. This needs to be corrected, some people think.

-- Corporations, including non-profits, and joint stock companies can create "separate segregated funds" to be used for political purposes. The act specifies four kinds of committees that a segregated fund can contribute to, but omits political committees, which were specifically added to the act in 1977, after the "segregated fund" language had been enacted. Because the act does not specify that the new kind of committee could be the recipient of contributions from segregated funds, the

Department of State, based on a ruling by the attorney general, considers such contributions illegal. (According to election experts, the department ruled illegal a 1991 contribution by the Michigan Trial Lawyers Association PAC, which was a segregated fund under the act, to the Recall Engler Committee, a political committee.) Some people believe this result is absurd (and possibly unconstitutional) and that the legislature should fix the oversight so that contributions to all five kinds of committees would be treated alike.

THE CONTENT OF THE BILLS:

The bills would amend the Michigan Campaign Finance Act (MCL 169.206 et al.). House Bill 4372 would reduce the threshold at which a contributor's occupation, employer, and principal place of business must be reported from \$200 to \$50. (The requirement would apply to contributions over that amount.) The bill's provisions would take effect August 22, 1994. House Bill 5416, which is tie-barred to House Bill 4372, would do the following:

-- Require an independent committee, political committee, or ballot question committee to include in the name of the committee the name of the person or persons that sponsor the committee, if any, or with whom the committee is affiliated. The bill specifies that sponsorship or affiliation would mean that a person established, directed, controlled, or financially supported the administration of the committee. Merely making a contribution to the committee, however, would not constitute financially supporting the administration of a committee. An existing committee would have to file an amendment to its statement of organization by January 31, 1995, or when the next campaign statement had to be filed, whichever occurred first.

-- Permit a "separate segregated fund" to contribute to a political committee. (The act permits corporations, including non-profits, and joint stock companies to establish and solicit contributions for a separate segregated fund to be used for political purposes. Such a fund is limited to making contributions to, and expenditures on behalf of, candidate committees, ballot question committees, political party committees, and independent committees. The bill would add political committees to the list.)

-- Clarify that corporations and joint stock companies are allowed to contribute to ballot question committees. (Currently, the act permits them to make an independent expenditure on behalf of or in opposition to a ballot question, but does not explicitly permit a contribution to a ballot question committee.)

FISCAL IMPLICATIONS:

The Department of State reports that these amendments to the Campaign Finance Act would not have a significant fiscal impact on its operations. (Analysis of House Bill 5416 dated 3-23-94)

ARGUMENTS:

For:

The bill makes a number of significant amendments to the Michigan Campaign Finance Act, generally to increase disclosure to the public about the nature of the sources of financing of political campaigns and to clarify who can receive contributions from corporations, including nonprofits. Lowering the threshold for reporting the occupation, place of employment, and principal place of business of contributors will increase disclosure for the public and better reveal the bundling of contributions. Making political action committees (PACs) use a name that better identifies its sponsors will increase disclosure. Two other amendments correct oversights in the law to clarify that certain contributions can be made to ballot question committees or political committees.

Against:

There are other important campaign finance issues that need to be addressed.

Response:

There is general agreement on these amendments. They in no way prevent further work from being carried out on campaign finance issues.

POSITIONS:

The Department of State has indicated its support for these amendments to the Michigan Campaign Finance Act. (3-23-94)

Common Cause of Michigan supports House Bill 4372 and, although it has not taken an official position on House Bill 5416, has in the past supported requiring the names of committees to reflect by whom they are sponsored or with whom they are affiliated. (4-13-94)

The Michigan State Chamber of Commerce supports the bills. (4-13-94)