



Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

CAMPAIGN FINANCE AMENDMENTS

House Bill 4674

Sponsor: Rep. Frank M. Fitzgerald

Committee: House Oversight and Ethics

Complete to 3-12-96

A SUMMARY OF HOUSE BILL 4674 AS INTRODUCED 3-28-95

The bill would amend the Michigan Campaign Finance Act to do the following:

- * Authorize the secretary of state to enforce criminal penalties provided by the act (instead of requiring the secretary of state to refer matters to the attorney general for enforcement of criminal penalties) [section 15];

- * Create a secretary of state computerization fund to computerize campaign finance records filed with the secretary of state and funded by new filing fees imposed on committees and candidates [sections 18, 19];

- * Prohibit candidate committees from spending PAC contributions until the candidate committee received an equal or greater amount of money from individual contributors [section 21b];

- * Prohibit candidates who accepted money from the state campaign fund from accepting contributions from PACs [section 62].

- * Require that all contributions be reported, not just those over \$20 [sections 22, 26, 28, 29, 41, 42], and change the reporting threshold for late contributions to \$100 (instead of \$200) [section 32];

- * Require candidate committees to report total contributions from PACs and from individuals on their campaign statements [section 26];

- * Require PACs to report on their campaign statements the total amount of independent expenditures made during the reporting period and to report a detailed itemized list of each independent expenditure [section 26];

- * Increase late filing fees from \$25 a day to \$250 a day, and eliminate the current \$500 maximum [section 33];

- * Require the secretary of state to transmit copies of campaign statements to local units of government, and require local governments to make these campaign statements available for public inspection [section 36];

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* Prohibit PACs from accepting individual contributions "on an automatic or passive basis" unless the individual first "actively" indicates in writing his or her desire to make the contribution, and then only for 12 month periods [section 39];

* Require PACs to provide annual notices to contributors about PAC expenditures [section 39];

* Require the secretary of state to adjust the dollar value of contribution limits (instead of requiring the secretary of state to recommend such adjustments to the legislature for approval) based on the Detroit consumer price index (instead of the U.S. Department of Commerce's consumer price index and the number of registered voters in the state) [section 46];

* Require that the names and addresses of people paying for printed matters or advertisements be "readily apparent to the reasonable person" viewing the printed matter or advertisement [section 47];

* Apply contribution limits to local candidates based on the population of the elective district [section 52].

Secretary of state computerization fund. The bill would create a "secretary of state computerization fund" in the state treasury to provide for the computerization of all campaign finance records filed with the secretary of state under the act. On or before October 1, 1995, the secretary of state would be required to submit to the legislature a comprehensive computerization plan (and annual updates thereafter) that included (but wasn't limited to) certain information regarding the computerization of campaign finance records (namely, the status of, an analysis of the needs for, and standards for computerization of campaign finance records), as well as a plan for distributing revenue from the fund that provided for direct disbursements by the secretary of state, who would be allowed to approve disbursements that included payment for services provided by state employees or private vendors, or a combination of both.

The state treasurer would be allowed to invest money contained in the fund in any manner authorized by law for investing state money, though an investment couldn't interfere with any apportionment, allocation, or payment of money required by the bill. In addition to the filing fees transmitted by the county treasurers, the state treasurer would also credit to the fund any appropriations made to the fund and all income from investments.

At the direction of the secretary of state, the state treasurer would be required to distribute money from the fund at least annually, and more often, as the secretary of state considered necessary. Money remaining in the fund at the close of each fiscal year would remain in the fund and wouldn't revert to the general fund.

Filing fees. The bill would assess new filing fees, to be deposited in the secretary of state computerization fund. On or before the fifth day of the month following receipt of filing fees, the filing official would have to pay the county treasurer all of the fees received during the preceding month. Within five days after receiving the fees, the county treasurer would have to transmit the fees to the state treasurer for deposit in the new fund.

Independent committees and political committees would be required to pay annual filing fees with the first required statement or report in every calendar year. The filing fee would be based on the sum of the total amount of contributions to, and independent expenditures made on behalf of, all candidates in the immediately preceding two-year election cycle. The fees would range (in \$100 increments) from \$100 (for contributions and independent expenditures less than \$10,000) to \$500 (for contributions and independent expenditures of \$40,000 or more).

Candidate committees would be required to pay a \$100 filing fee with their statement of organization, unless the committee files a written statement indicating that it didn't expect to receive or spend more than \$1,000 in a calendar year (in which case it wouldn't have to pay the filing fee).

Candidate committees: expenditures of PAC money. Candidate committees wouldn't be able to spend any money received from independent committees or political committees until an equal or greater amount of money had been received by the candidate committee from individual contributors.

Candidate committees: the state campaign fund and PAC money. Currently, only candidates who establish a single candidate committee that submits a statement of organization indicating its intent to seek qualifying contributions or to make qualifying expenditures may receive money from the state campaign fund. The bill would amend this section of the act to prohibit candidates who file statements of organization indicating their intent to seek money from the state campaign fund from accepting contributions from independent committees or political committees.

Zero reporting threshold. Currently, the act requires various kinds of reporting of campaign contributions over \$20. The bill would require that all contributions, not just those over \$20, be reported.

Late contributions. Currently, the act requires that late contributions -- meaning contributions of \$200 or more received after the closing date of the last campaign statement required to be filed before an election -- be reported, by filing with the filing officer within 48 hours after its receipt the name, address, occupation, employer, and principal place of business of the contributor. The bill would decrease the amount of a contribution -- to \$100 -- that triggers the requirements for reporting on "late contributions".

Campaign statements: required information. In addition to the information currently required on campaign statements under the act, the bill would require candidate committees to report the total amount of contributions received from independent committees and political committees, and the total amount of contributions received from individual contributors, during the period covered by the campaign statement. The bill also would require independent or political committees to report the total amount of independent expenditures, and an itemized list of each independent expenditure, made during the period covered by the campaign statement. The information would have to include the day, amount, and payee of the independent expenditure; if the independent expenditure was on behalf of a candidate, the name of the candidate and the district and office for which that independent expenditure was made; if the independent expenditure was on behalf of a ballot question, the ballot question and the purpose

for which the independent expenditure was made; and the purpose of the independent expenditure, if it wasn't on behalf of either a candidate or a ballot question committee.

Late filing fees. Currently, the act imposes late filing fees of \$25 a day, with a maximum of \$500. The bill would remove the \$500 maximum and would increase the amount of the late filing fee tenfold to \$250 for each business day that a statement remained unfiled.

Prohibition on "automatic" PAC contributions. The bill would prohibit independent or political committees from accepting contributions from individuals "on an automatic or passive basis" unless the individual first "actively" indicated in writing, at least every 12 months, "the desire to make that contribution." Committees couldn't accept contributions based on "active indications" by individuals for more than 12 months after the "active indication" was made.

Annual PAC notices to contributors. The bill would require independent committees, political committees, and political party committees to provide annual notices, to all their contributors and to the secretary of state, that contained information on all of the contributions received, and all of the disbursements made, by the committee. More specifically, the notice would have to include the name of the committee and an itemized and cumulative list of all contributions received, and all disbursements made, by the committee for the twelve-month period covered by the notice (as well as any other information the secretary of state considered necessary). The itemized and cumulative list of disbursements would have to include the date and amount of each disbursement; the name and political party affiliation of a candidate, if the disbursement was made to a candidate committee; the district and office or ballot question for which an independent expenditure was made, if the disbursement was an independent expenditure; the nature of each administrative expenditure; and the nature and explanation of all other disbursements.

Adjustments to dollar value contribution limits. Currently, the secretary of state is required, at the beginning or every odd numbered year, to recommend to the legislature for approval adjustments to the dollar value contribution limits provided by the act (together with the dollar value floor for reporting of the names, addresses, occupations, and employers, or principal places of business of persons who make contributions under the act). The recommended adjustments are based on the U.S. Department of Commerce's consumer price index and the number of registered voters in the state. The bill would amend this section to require the secretary of state -- beginning January 1, 1997, and every January 1 of each odd number year afterwards -- to adjust the dollar value contribution limits (and the dollar value reporting floor) based on a formula using the Detroit consumer price index.

Political advertisements. The bill would amend the section of the act regulating paid political advertisements that refer to an election, a candidate, or a ballot question. In addition to continuing to identify the sponsoring person as required by the Federal Communications Commission, the name and address of the person paying for printed matter (including billboards, placards, posters, and pamphlets) and the identification of the sponsoring person in radio and television ads would have to be "readily apparent to the reasonable person viewing the [printed] matter or [radio or TV] advertisement." The bill also would add a fine of up to \$10,000 for violators who were other than individuals (i.e. such as PACs).

Local candidate contribution limits. Currently, the campaign finance act limits the contributions that persons other than independent committees or political party committees can make to candidates for state elective office during each election cycle. These limits are \$3,400 for candidates for state elective office other than state legislator (such as governor, attorney general, secretary of state); \$1,000 for a candidate for state senator; and \$500 for candidates for state representative. The bill would apply these limits to candidates for local elective office, based on the population of the district for which the candidate was seeking office. Local candidates in a district with a population of more than 250,000 would have a limit of \$3,400; those in districts with a population of 85,000 up to 250,000 would have a limit of \$1,000; and those in a district with a population of less than 85,000 would have a limit of \$500.

MCL 169.205 et al.

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.