



**House  
Legislative  
Analysis  
Section**

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**LOCAL ELECTIONS: CAMPAIGN  
CONTRIBUTION LIMITS**

**House Bill 5074 with committee  
amendment  
First Analysis (9-27-95)**

**Sponsor: Rep. Frank M. Fitzgerald  
Committee: House Oversight and Ethics**

***THE APPARENT PROBLEM:***

Although the Michigan Campaign Finance Act limits the amount that individuals and political action committees (PACs) can contribute to candidates to state-wide political office (state senator, state representative, governor, secretary of state, and supreme court judges), state statute doesn't impose any such limits on candidates in local elections. Although most local elections in the state do not involve large campaign contributions, a number of newspaper articles dating from 1992 through 1994 indicate that in southeast Michigan -- particularly, in Detroit mayoral campaigns -- candidates have accepted very large campaign contributions, in some cases larger than those a gubernatorial candidate or a U. S. Senate candidate could legally accept. Because individuals and groups could have an undue influence over candidates and public officials through large campaign contributions, as noted by the U. S. Supreme Court (in Buckley v. Valeo), for years contribution limits have been in place nationwide for federal and state candidates, and, in many other states, for local candidates. Many people believe that similar limits should be placed on candidates for local offices in Michigan.

***THE CONTENT OF THE BILL:***

The bill would amend the Michigan Campaign Finance Act to limit the amount of campaign contributions that could be made by individuals and political action committees each election cycle to candidates for local elected offices. The limits would be based on the number of voters in the local candidate's district, and would parallel existing limits placed by the act on candidates for state elected offices. The bill would have a "rolling" effective date, going into effect the day after each next local election.

Contribution limits. Currently, except for independent committees and political party committees, the campaign finance act limits election cycle contributions by individuals to candidates ("a candidate committee of a candidate") for state office as follows:

- (1) \$500 for candidates for state representative;
- (2) \$1,000 for candidates for state senator: and
- (3) \$3,400 for other state candidates (governor, secretary of state, Michigan supreme court, board of education, and so forth).

Political action committees (PACs) -- independent committees and political committees other than state central committees (that is, congressional district or county committees) -- can make contributions to candidate committees that are up to ten times the amounts listed above (that is, \$5,000 for candidates for state representative, \$10,000 for candidates for state senator, and \$34,000 for statewide candidates). State central committees of political parties can make contributions to candidates for the state legislature (either for the state Senate or for the House of Representatives) that are up to ten times the amounts listed above for legislative candidates; for other state-wide offices, state central committees may contribute up to 20 times the amounts listed.

The bill would put limits on contributions to candidates for local elective offices during each election cycle as follows:

- (1) In districts with populations of up to 85,000 people, \$500 per individual and \$5,000 per PAC;

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(2) In districts with populations of more than 85,000 people but 250,000 or fewer people, \$1,000 per individual and \$10,000 per PAC;

(3) In districts with more than 250,000 people, \$3,400 per individual, \$34,000 per PAC, and \$68,000 per state party.

The bill would define "local elective office" to mean an elective office at the local unit of government (i.e. "a district, authority, county, city, village, township, board, school district, intermediate school district, or community college district") level.

Disclosure of local campaign statements. Local units of government that received copies of campaign statements would be required to make the statements available for public inspection and reproduction during regular business hours and as soon as practicable after receiving them (but not later than three business days after receiving them).

Effective date. The contribution limits in the bill would go into effect beginning with the first election cycle for a candidate for local elective office after the bill took effect. That is, contribution limits would apply the day after the next election for any local office.

MCL 169.205 et al.

### ***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, the bill has no fiscal implications for the state. (9-20-95)

### ***ARGUMENTS:***

#### **For:**

Currently, in Michigan there are no statutory limits on the amount of contributions that can be made to candidates for local offices, unlike as is the case with state elective offices. Not only have local candidates been allowed to take unlimited amounts of money, in local units of government with high population densities -- particularly in southeast Michigan -- there have been a number of reports of local candidates accepting very large campaign contributions. In fact, in some cases, these contributions have surpassed the amounts a U.S. Congressional candidate or a Michigan gubernatorial candidate could accept. Even if these large contributions -- often from developers,

business owners, unions, contractors, and so forth -- have been legal under existing law, and have been reported in regular campaign filing statements, they nevertheless certainly have at least the appearance of impropriety. The primary goal of contribution limits is to prevent individuals and groups from having undue influence over candidates and public officials through large campaign contributions. As the U.S. Supreme Court noted in Buckley v. Valeo, "To the extent that large contributions are given to secure a political quid pro quo from current and potential officeholders, the integrity of our system of representational democracy is undermined."

In contrast to Michigan's lack of limits on local campaign contributions, of 41 states providing information to the Council of State Government Council on Governmental Ethics Law (COGEL), 24 have contribution limits for county and/or municipal offices, with most (16) of these placing the same contribution limits on candidates for local office as they place on candidates for the legislature. Two states (New York and Louisiana) base the contribution limits for local candidates on the population of the voting district. The bill would place campaign contribution limits on candidates for local office based on population levels that roughly mirror those already in place for candidates for state office, namely, state representative, state senators, and other, statewide offices (governor, secretary of state, board of education, attorney general, state supreme court, and so forth).

According to the Michigan State Chamber of Commerce, the \$500/\$5,000 limit would apply to 62 counties, 683 county commissioners, 1,240 townships, 262 cities, and 263 villages. The \$1,000/\$10,000 limit would apply to 14 counties, 8 cities, 15 county commission districts (in Wayne County), and one township (Clinton Township in Macomb County). And the \$3,400/\$34,000/\$68,000 limit would apply to only 7 counties and to the Detroit mayor and the Detroit at-large city council members.

Not only is there no reason to exempt local candidates from contribution limits, those candidates for local office who do take large campaign contributions should be held to the same standards as other public officials.

#### ***Against:***

Some people believe that contribution limits should be applied to the calendar year, rather than

"election cycle," particularly given the variability in local election cycles. In addition, some people believe that the proposed limits, particularly for the state's largest cities (such as Grand Rapids and Detroit), are based on population levels that are too low and should be revised, say, to apply to population increments of 75,000. That is, the three-tiered system could apply to districts with fewer than 75,000, those with 75,000 to 150,000, and those with more than 150,000 people. With officeholder expense funds abolished (by Public Act 411 of 1994), local elected officials may have no other source for funds from which to pay for incidental expenses, a situation exacerbated by the fact that local candidates don't qualify for state campaign funds (unlike gubernatorial candidates, for example) and that, reportedly, political party resources may not be available to local elected officials.

***Reply:***

Very few local elected officials would be affected by the bills contribution limits, because most receive small -- if any -- campaign contributions. But in those few cases where the bill's limits would apply, there have been reports of very large campaign contributions that certainly raise the possibility of undue influence on the targeted candidates or officeholders. To eliminate even the appearance of possible impropriety, limits should be imposed on contributions to candidates for local elective offices.

***POSITIONS:***

The Michigan State Chamber of Commerce supports the bill. (9-21-95)

Common Cause of Michigan supports the bill. (9-21-95)

Michigan Citizen Action supports the bill. (9-21-95)

The Michigan Township Association supports the bill. (9-21-95)

The City of Detroit is not opposed to the bill. (9-26-95)

The Department of State has no position on the bill. (9-22-95)

The Michigan Association of Counties has no position on the bill. (9-25-95)