

Legislative Analysis



PROHIBIT STATE GRANTS FOR LEGISLATORS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4472 (Substitute H-1)
Sponsor: Rep. Terry Brown
Committee: Ethics and Elections

First Analysis (3-22-07)

BRIEF SUMMARY: The bill would prohibit a legislator from either directly or indirectly applying for, or accepting, state grants.

FISCAL IMPACT: The bill would appear to have no fiscal impact.

THE APPARENT PROBLEM:

During the last legislative session, a then-state representative applied for a grant from the 21st Century Jobs Fund, on behalf of a local non-profit organization established to serve struggling citizens in that south-central Michigan legislative district. Citing Article IV Section 10 of the Michigan Constitution of 1963, people challenged the legislator's action, noting that it created a conflict of interest. That section of the constitution states: "No member of the legislature nor any state officer shall be interested directly or indirectly in any contract with the state or any political subdivisions thereof which shall cause a substantial conflict of interest."

Those who claimed that the grant-seeking created a conflict of interest also cited the current law, and offered a hypothetical scenario: it would be possible, they argued, for a legislator to realize financial gain by exerting undue influence over development of the state budget. For example, an Appropriations subcommittee chair could insist that a particular program receive line-item funding from the General Fund, and then direct an allocation via a grant from that line-item to an organization in the local legislative district while sitting on the board or even being in its employ.

In order to avoid such conflicts of interest, legislation has been proposed to ban a legislator from applying for state grants while in office.

THE CONTENT OF THE BILL:

House Bill 4472 would amend Public Act 318 of 1968, which addresses substantial conflicts of interest on the part of members of the Legislature and state officers, to prohibit a legislator from receiving state grants.

Currently under the law, no member of the Legislature or any state officer can be interested (directly or indirectly) in any contract with the state (or any political subdivision of the state) that causes a substantial conflict of interest. House Bill 4472 would retain that provision, and add that "a member of the Legislature shall not directly

or indirectly apply for or accept the award of a grant funded by the state during the legislator's term of office, if the grant is not specifically in furtherance of duties of the legislative office."

MCL 15.302

ARGUMENTS:

For:

Discerning conflicts of interest during decision-making in the state legislature can be difficult, because personal financial gain is not always readily apparent. In order to heighten citizens' trust in their governing officials, conflicts of interest can become more apparent when there is transparency—that is, when legislators' actions are easily detected and readily known by those who elect them. This requires laws that explicitly require financial disclosure and also prohibit particular practices by defining them as clear conflicts of interest. This bill does the latter. It should be enacted into law to ensure that legislators do not use their influence in the state budget process to unfairly direct state funds to projects in their districts, via grants.

POSITIONS:

The Michigan Campaign Finance Network supports the bill. (3-20-07)

The Michigan State Chamber of Commerce supports the bill. (3-20-07)

Legislative Analyst: J. Hunault
Fiscal Analyst: Robin Risko

■ 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.