

Legislative Analysis



CAMPAIGN FINANCE: ELIMINATE ANNUAL CONSENT REQUIREMENT FOR PAC CONTRIBUTIONS

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Senate Bill 283 (reported from House committee w/o amendment)

Sponsor: Sen. Arlan Meekhof

House Committee: Elections and Ethics

Senate Committee: Local Government and Elections

First Analysis (6-20-13)

BRIEF SUMMARY: The bill would eliminate the requirement that an individual consent annually to a political contribution made to a political action committee, instead requiring the consent only once.

FISCAL IMPACT: Senate Bill 283 would have no significant fiscal impact.

THE APPARENT PROBLEM:

Under the Michigan Campaign Finance Act, corporations and labor organizations can set-up separate funds--customarily called PACs, or political action committees--for political purposes. The PACs can support candidate committees, ballot question committees, or political party committees.

The PACs are funded by contributions from the employees and members of the corporations and labor organizations that establish them. Once an employee or member authorizes a contribution, that authorization expires after one year. If the employee or member wishes that it continue, the contribution must be reauthorized. This annual reauthorization was enacted to protect employees and members from being forced to donate to political causes without their periodic consent.

Some argue that the annual consent requirement is unnecessary, and that an individual's original consent should be sufficient for the ongoing collection of a political contribution. Consequently, legislation has been introduced to eliminate the annual authorization requirement for PAC contributions.

THE CONTENT OF THE BILL:

Senate Bill 283 would amend the Michigan Campaign Finance Act (MCL 169.255) to eliminate the requirement that an individual consent annually to a political contribution made on an automatic basis to a political action committee, instead requiring the consent only once.

The act allows a corporation organized on a for-profit or nonprofit basis, a joint stock company, a domestic dependent sovereign, or a labor organization to establish,

administer, and solicit contributions to, a separate segregated fund that is used for political purposes, customarily called a political action committee or PAC.

Contributions for the separate segregated fund may be solicited from certain people or their spouses, as shown in the chart, below.

Soliciting Entity	Contributors
For-profit corporation or joint stock company	Stockholders, officers and directors, employees*
Nonprofit corporation	Members who are individuals, stockholders of members, officers or directors of members, employees of the corporation or of members*
Labor organization	Members, officers or directors, employees*
Domestic dependent sovereign	Individuals who are members
*Employees from whom contributions may be solicited are limited to those who have policy-making, managerial, professional, supervisory, or administrative non-clerical duties.	

As a rule, the Campaign Finance Act prohibits a corporation, joint stock company, labor organization, or domestic dependent sovereign from soliciting or obtaining contributions from an individual on an automatic basis, including a payroll deduction plan. These entities may, however, solicit or obtain contributions on an automatic basis, including a payroll deduction plan, if the individual contributing to the fund affirmatively consents to the contribution at least once every calendar year.

As noted earlier, Senate Bill 283 would eliminate the requirement that an individual consent to a contribution on an annual basis, instead requiring him or her to consent only once.

(Note: Under the law, a violation of the consent requirement is a felony. The penalty for an individual violator is a fine of up to \$5,000 and/or imprisonment for up to three years. For a violator who is not an individual, the penalty is a maximum fine of \$10,000.)

HOUSE COMMITTEE ACTION:

The members of the House Elections and Ethics Committee reported out the Senate-passed version of Senate Bill 283, without amendments.

ARGUMENTS:

For:

The requirement that a person consent to an automatic political contribution on an annual basis can be burdensome for the corporations and labor organizations that collect donations in this manner. Allowing regular contributions after an individual has

consented initially would eliminate administrative inefficiency while maintaining the protection against compulsory political donations.

Against:

Annual authorization by employees of their contributions to PACs protects the employees from sometimes heavy-handed solicitations for political causes--contributions the employees may wish to temporarily suspend or to entirely terminate, at the end of a year.

POSITIONS:

The Detroit Regional Chamber of Commerce supports the bill. (6-18-13)

Consumers Energy supports the bill. (6-18-13)

Dow Chemical Company supports the bill. (6-18-13)

The Lansing Regional Chamber of Commerce supports the bill. (6-18-13)

The Flint/Genesee Regional Chamber of Commerce supports the bill. (6-18-13)

AT&T supports the bill. (6-18-13)

U.S. Steel supports the bill. (6-18-13)

The Michigan Bankers Association supports the bill. (6-18-13)

DTE Energy supports the bill. (6-18-13)

The Michigan Chamber of Commerce supports the bill. (6-18-13)

The Secretary of State is neutral on the bill. (6-18-13)

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■ 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.