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BILL



ANALYSIS

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House Bill 4888 (Substitute H-2 as passed by the House)
Sponsor: Representative Dan Lauwers
House Committee: Transportation and Infrastructure
Senate Committee: Transportation

Date Completed: 1-31-18

CONTENT

The bill would amend the Michigan Vehicle Code to include the following in the definition of "charitable or civic organization" as it relates to allowing a member of such an organization to stand in a roadway to solicit contributions on its behalf: clubs organized for pleasure, recreation, and other nonprofitable purposes; fraternal beneficiary societies, orders, or associations; and domestic fraternal societies, orders, or associations operating under the lodge system.

Under the Code, a person, without authority, may not block, obstruct, impede, or otherwise interfere with the normal flow of vehicular or pedestrian traffic upon a public street or highway in Michigan, by means of a barricade, object, or device, or with his or her own person. A person who violates this provision is responsible for a civil infraction.

However, this prohibition and any provision of the Michigan Administrative Code that prohibits a person from standing in a roadway other than a limited access highway for the purpose of soliciting a ride, employment, or business from the occupant of a vehicle do not apply to a person who is soliciting contributions on behalf of a charitable or civic organization during daylight hours, if all of the following are satisfied:

- The charitable or civic organization complies with applicable local government regulations.
- The charitable or civic organization maintains at least \$500,000 in liability insurance.
- The person is 18 years of age or older.
- The person is wearing high-visibility safety apparel that meets certain standards.
- The portion of the roadway upon which the solicitation occurs is not a work zone and is within an intersection where traffic control devices are present.

For this purpose, "charitable or civic organization" means a nonprofit organization that is qualified under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, or a veteran's organization that has tax-exempt status under the Code. The bill also would include in the definition a nonprofit organization that is qualified under Section 501(c)(7), 501(c)(8), or 501(c)(10) of the Code.

(Section 501(c)(3) exempts from Federal taxation corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals, if none of its net earnings inures to the benefit of any private shareholder or individual, no substantial part of the entity's activities is carrying on propaganda, or otherwise attempting, to influence

legislation, and it does not participate in or intervene in any political campaign on behalf of any candidate for public office.

Section 501(c)(4) exempts from Federal taxation civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, whose membership is limited to the employees of a designated person or people in a particular municipality, and whose net earnings are devoted exclusively to charitable, educational, or recreational purposes.

Section 501(c)(7) exempts from Federal taxation clubs organized for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes, and no part of the net earnings of which inures to the benefit of any private shareholder.

Section 501(c)(8) exempts from Federal taxation fraternal beneficiary societies, orders, or associations that fulfill both of the following:

- Operate under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system.
- Provide for the payment of life, sick, accident, or other benefits to its members or their dependents.

Section 501(c)(10) exempts from Federal taxation domestic fraternal societies, orders, or associations operating under the lodge system that fulfill both of the following:

- Devote net earnings exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes.
- Do not provide for the payment of life, sick, accident, or other benefits.)

MCL 257.676b

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have no fiscal impact on the State and could have a negative fiscal impact on local government of an unknown amount. The provisions of the bill would expand the organizations that are allowed to solicit donations on roadways. However, it is unknown whether the additional organizations currently violate or would violate the prohibition. If the bill resulted in fewer civil infractions, it would reduce funding for public libraries from civil infraction fines.

Fiscal Analyst: Ryan Bergan

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.