

HOUSE BILL No. 6283

August 15, 2018, Introduced by Reps. Rabhi, LaGrand, Hoadley, Sowerby, Geiss, Zemke, Moss, Chang and Greimel and referred to the Committee on Elections and Ethics.

A bill to regulate political activity; to require members of and candidates for the state board of education and members of and candidates for the governing boards of certain state universities to file financial statements and reports; to prescribe the powers and duties of certain state officers and agencies; to impose fees; to prescribe penalties and civil sanctions; and to provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "educational office personal financial disclosure act".

3 Sec. 2. As used in this act:

1 (a) "Bureau of elections" means the bureau provided for by
2 section 32 of the Michigan election law, 1954 PA 116, MCL 168.32.

3 (b) "Candidate" means that term as defined in section 3 of the
4 Michigan campaign finance act, 1976 PA 388, MCL 169.203.

5 (c) "Candidate for office" means a candidate for any of the
6 following offices:

7 (i) Member of the state board of education.

8 (ii) Regent of the University of Michigan.

9 (iii) Member of the board of trustees of Michigan State
10 University.

11 (iv) Member of the board of governors of Wayne State
12 University.

13 (d) "Earned income" means salaries, tips, or other
14 compensation, and net earnings from self-employment for the taxable
15 year.

16 (e) "Immediate family of an individual" means a dependent
17 child or spouse of that individual or a person claimed by that
18 individual or that individual's spouse as a dependent for federal
19 income tax purposes.

20 (f) "Income" means money or any thing of value received, or to
21 be received as a claim on future services, whether in the form of a
22 fee, salary, expense, allowance, forbearance, forgiveness,
23 interest, dividend, royalty, rent, capital gain, or any other form
24 of recompense that is considered income under the internal revenue
25 code of 1986, 26 USC 1 to 9834.

26 (g) "Principal residence" means that term as defined under
27 section 7dd of the general property tax act, 1893 PA 206, MCL

1 211.7dd.

2 (h) "State official" means the holder of an office described
3 in subdivision (c).

4 Sec. 3. (1) If an individual is a state official at any time
5 during a calendar year, that individual shall file with the bureau
6 of elections by May 1 of the following year a report that meets the
7 requirements of section 4. This subsection does not apply to an
8 individual who was a state official only on the first day of the
9 calendar year.

10 (2) If an individual is a candidate for state office and has
11 not already filed a report under subsection (1) covering the
12 preceding calendar year, that individual shall file with the bureau
13 of elections a report that meets the requirements of section 4
14 within 30 days after the later of May 1 or the date on which the
15 individual forms a candidate committee as a candidate for state or
16 local office under section 21 of the Michigan campaign finance act,
17 1976 PA 388, MCL 169.221.

18 Sec. 4. (1) Except as provided in section 5, a report required
19 under section 3 must include a complete statement of all of the
20 following:

21 (a) The full name, mailing address, occupation of, and the
22 state office held or sought by, the individual filing the report.

23 (b) The name of each member of the immediate family of the
24 individual filing the report.

25 (c) The name, address, and principal activity of each employer
26 of the individual and of each member of the immediate family of the
27 individual filing the report during the calendar year covered by

1 the report.

2 (d) Both of the following, as applicable:

3 (i) The source and type of earned income received during the
4 preceding calendar year by the individual filing the report if the
5 total earned income from that source equals \$5,000.00 or more
6 during that calendar year.

7 (ii) The source and type of earned income received during the
8 preceding calendar year by each member of the immediate family of
9 the individual filing the report if the total earned income from
10 that source equals \$5,000.00 or more during that calendar year.

11 (e) The source and type of all other income not reported under
12 subdivision (d) that is received during the preceding calendar year
13 by the individual filing the report or a member of the immediate
14 family of that individual if the total income from that source
15 equals \$5,000.00 or more during that calendar year.

16 (f) Excluding a primary residence, the address of each parcel
17 of real property held during the preceding calendar year by the
18 individual filing the report or a member of the immediate family of
19 that individual if the real property had a fair market value of
20 \$50,000.00 or more at any time the real property was held during
21 the preceding calendar year. An individual filing a report may
22 exclude the street number of a parcel of real property listed under
23 this subdivision.

24 (g) A description of any stocks, bonds, commodities, futures,
25 shares in mutual funds, or other forms of securities held by the
26 individual filing the report or a member of the immediate family of
27 that individual during the preceding calendar year, if the total

1 aggregate value of a security had a fair market value of \$10,000.00
2 or more at any time the security was held during the preceding
3 calendar year.

4 (h) A description of any interest in 1 of the following types
5 of assets, if the interest in the asset has a value of \$10,000.00
6 or more at any time the asset was held during the preceding
7 calendar year:

8 (i) A qualified or nonqualified annuity.

9 (ii) A benefit under a qualified or nonqualified plan of
10 deferred compensation.

11 (iii) An account in, or benefit payable under, any pension,
12 profit-sharing, stock bonus, or other qualified retirement plan.

13 (iv) An individual retirement account or trust.

14 (v) A benefit under a plan or arrangement that is established
15 under section 401, 403, 408, 408A, or 457 of the internal revenue
16 code of 1986, 26 USC 401, 403, 408, 408A, and 457, or a similar
17 provision of the internal revenue code of 1986, 26 USC 1 to 9834.

18 (i) Except as otherwise provided under this subdivision, the
19 identity of all compensated positions held by the individual filing
20 the report or a member of the immediate family of that individual
21 during the preceding calendar year as an officer, director, member,
22 trustee, partner, proprietor, representative, employee, or
23 consultant of a corporation, limited liability company, limited
24 partnership, partnership, or other business enterprise; of a
25 nonprofit organization; of a labor organization; or of an
26 educational or other institution other than this state, if the
27 total compensation received from a position equals \$1,000.00 or

1 more during that calendar year. A position reported under this
2 subdivision must include the title of the position, the name of the
3 entity within which the position exists, and the principal activity
4 of the entity.

5 (j) If the individual filing the report or a member of the
6 immediate family of that individual was required during the
7 previous calendar year to register as a lobbyist or lobbyist agent
8 under section 7 of 1978 PA 472, MCL 4.417, the name, address, and
9 principal activity of all persons who gave compensation to or
10 reimbursed the individual or immediate family member for lobbying.
11 As used in this subdivision, "immediate family" includes the parent
12 of an individual and the spouse of a child of an individual.

13 (k) A description of any interest the individual filing the
14 report or a member of the immediate family of that individual has
15 in a legal entity that conducts business in this state, if the
16 interest has a book value of \$10,000.00 or more, unless the entity
17 has shares that are listed or traded over the counter or on an
18 organized exchange.

19 (2) Information an individual is required to report under this
20 section includes information with respect to the holdings of and
21 the income from a trust, blind trust, or other financial
22 arrangement from which income is received by, or with respect to
23 which a beneficial interest in principal or income is held by, an
24 individual required to file a report under this section or an
25 immediate family member of the individual. As used in this
26 subsection:

27 (a) "Beneficial interest" includes, but is not limited to, the

1 interest in a trust of a qualified trust beneficiary or a trust
2 beneficiary as those terms are defined in section 7103 of the
3 estates and protected individuals code, 1998 PA 386, MCL 700.7103.

4 (b) "Blind trust" means that term as defined in 5 CFR
5 2634.403.

6 Sec. 5. A person filing a report under section 3 may omit any
7 of the following:

8 (a) Information a person is required to report under the
9 Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

10 (b) An item otherwise required to be reported under section
11 4(1)(f) or (g) if all of the following apply:

12 (i) The item represents the sole financial interest and
13 responsibility of a member of the immediate family of the
14 individual filing the report about which the individual filing the
15 report does not have actual knowledge.

16 (ii) The item is not in any way, past or present, derived from
17 the income, assets, or activities of the individual filing the
18 report.

19 (iii) The individual filing the report does not derive, or
20 expect to derive, financial benefit from the item.

21 (c) An item that concerns a spouse who is living separate and
22 apart from the individual filing the report with the intention of
23 terminating the marriage or maintaining a legal separation.

24 (d) An item that concerns income or obligations of the
25 individual filing the report arising from dissolution of his or her
26 marriage or a permanent legal separation from his or her spouse.

27 (e) Compensation from a publicly held corporation that has

1 shares that are listed or traded over the counter or on an
2 organized exchange paid to a business owned by the individual
3 filing the report or in which the individual filing the report has
4 an interest, if the report under section 4 includes a complete
5 statement of the identity and value of that business.

6 (f) Benefits received under the social security act, chapter
7 531, 49 Stat 620.

8 Sec. 6. The bureau of elections shall do all of the following:

9 (a) Prepare and make available appropriate forms and
10 instructions for the reports required by this act.

11 (b) Receive reports required by this act.

12 (c) As soon as practicable, but not later than the end of the
13 business day on which a report required to be filed under this act
14 is received, make the report or all of the contents of the report
15 available without charge to the public on the internet at a single
16 website established and maintained by the secretary of state, and
17 not later than the third business day following the day on which
18 the report is received, make the report available for public
19 inspection and reproduction during regular business hours.

20 (d) Promulgate rules and issue declaratory rulings to
21 implement this act under the administrative procedures act of 1969,
22 1969 PA 306, MCL 24.201 to 24.328.

23 (e) Conduct investigations as necessary to determine whether
24 there is reason to believe that a violation of this act occurred.
25 The bureau of elections shall conduct an investigation under the
26 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
27 24.328.

1 Sec. 7. (1) A citizen of this state may file a complaint with
2 the bureau of elections alleging a violation of this act. If it
3 receives a complaint, the bureau of elections shall investigate the
4 allegations as provided in section 6.

5 (2) If the bureau of elections determines after an
6 investigation that there is reason to believe a violation of this
7 act occurred, the bureau of elections shall forward the results of
8 that investigation to the attorney general for enforcement of this
9 act. However, if the attorney general is the subject of the
10 complaint and the bureau of elections determines after an
11 investigation that there is reason to believe that the attorney
12 general violated this act, the bureau of elections shall instead
13 forward the results of the investigation to the prosecuting
14 attorney for Ingham County for enforcement of this act.

15 (3) The attorney general shall enforce this act against an
16 individual who violates this act.

17 Sec. 8. (1) An individual who fails to file a report as
18 required under this act shall pay a late filing fee of not more
19 than \$5,000.00, determined as follows:

20 (a) Twenty-five dollars for each of the first 10 business days
21 that the report remains unfiled.

22 (b) Fifty dollars for each business day after the first 10
23 business days that the report remains unfiled.

24 (2) If an individual required to file a report under this act
25 knowingly files an incomplete or inaccurate report, the individual
26 is guilty of a misdemeanor punishable by a fine of not more than
27 \$10,000.00.

1 (3) A default in the payment of a fee or civil fine due or
2 ordered under this act, or an installment of the fee or fine, may
3 be remedied by any means available under the revised judicature act
4 of 1961, 1961 PA 236, MCL 600.101 to 600.9947.

5 Enacting section 1. This act takes effect 90 days after the
6 date it is enacted into law.