

HOUSE BILL NO. 4341

March 12, 2019, Introduced by Reps. Lower and Albert and referred to the Committee on Elections and Ethics.

A bill to amend 1976 PA 388, entitled
"Michigan campaign finance act,"
by amending section 55 (MCL 169.255), as amended by 2017 PA 119.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 55. (1) A connected organization may make an expenditure
2 for the establishment or administration of, and solicitation,
3 collection, or transfer of contributions to, a separate segregated
4 fund to be used for political purposes. A separate segregated fund
5 established by a connected organization under this section shall be



1 organized as a political committee or an independent committee,
2 and, in addition to any other disbursements not restricted or
3 prohibited by law, shall only make contributions to, and
4 expenditures on behalf of, candidate committees, ballot question
5 committees, political party committees, political committees,
6 independent expenditure committees, independent committees, and
7 other separate segregated funds.

8 (2) Contributions for a separate segregated fund established
9 by a corporation, organized on a for profit basis, or a joint stock
10 company under this section may be solicited from any of the
11 following persons or their spouses:

12 (a) Stockholders of the corporation or company.

13 (b) Officers and directors of the corporation or company.

14 (c) Employees of the corporation or company who have policy
15 making, managerial, professional, supervisory, or administrative
16 nonclerical responsibilities.

17 (3) Contributions for a separate segregated fund established
18 under this section by a corporation organized on a nonprofit basis
19 may be solicited from any of the following persons or their
20 spouses:

21 (a) Members of the corporation who are individuals.

22 (b) Stockholders or members of members of the corporation.

23 (c) Officers or directors of members of the corporation.

24 (d) Employees of the members of the corporation who have
25 policy making, managerial, professional, supervisory, or
26 administrative nonclerical responsibilities.

27 (e) Employees of the corporation who have policy making,
28 managerial, professional, supervisory, or administrative
29 nonclerical responsibilities.



1 (4) Contributions for a separate segregated fund established
2 under this section by a labor organization may be solicited from
3 any of the following persons or their spouses:

4 (a) Members of the labor organization who are individuals.

5 (b) Officers or directors of the labor organization.

6 (c) Employees of the labor organization who have policy
7 making, managerial, professional, supervisory, or administrative
8 nonclerical responsibilities.

9 (5) Contributions for a separate segregated fund established
10 under this section by a domestic dependent sovereign may be
11 solicited from an individual who is a member of any domestic
12 dependent sovereign.

13 (6) Contributions must not be obtained for a separate
14 segregated fund established under this section by use of coercion
15 or physical force, by making a contribution a condition of
16 employment or membership, or by using or threatening to use job
17 discrimination or financial reprisals. A connected organization
18 shall not solicit or obtain contributions for a separate segregated
19 fund established under this section from an individual described in
20 subsection (2), (3), (4), or (5) on an automatic or passive basis
21 including but not limited to a payroll deduction plan or reverse
22 checkoff method. A connected organization may solicit or obtain
23 contributions for a separate segregated fund established under this
24 section from an individual described in subsection (2), (3), (4),
25 or (5) on an automatic basis, including but not limited to a
26 payroll deduction plan, only if the individual who is contributing
27 to the fund affirmatively consents to the contribution.

28 (7) A contribution by an individual to a separate segregated
29 fund that is aggregated with a dues or other payment to the



1 connected organization may be collected by or made payable first to
2 the connected organization for subsequent transfer to the separate
3 segregated fund if all of the following occur:

4 (a) The individual making the contribution does either of the
5 following:

6 (i) Specifically indicates in a record or electronic record
7 that the amount collected, or a specified portion of the total
8 amount if remitted as part of a dues or other payment to the
9 connected organization, is a contribution to the separate
10 segregated fund.

11 (ii) Fails to return a record or electronic record described in
12 subparagraph (i), but remits payment to the connected organization
13 in response to a specifically requested amount that includes a
14 solicited contribution, the solicitation for a contribution was
15 clearly distinguishable from any dues or other fees requested as
16 part of the total, and the connected organization maintains a
17 record or electronic record of the solicitation that includes the
18 amount of the solicited contribution and the amount of any dues or
19 other fees charged in conjunction with the solicitation for each
20 contributor.

21 (b) The connected organization transfers the entire specified
22 amount of any designated contribution, individually or aggregated
23 with other contributions, to the separate segregated fund
24 electronically or by written instrument. Any transfer of designated
25 contributions must be accompanied by or logically associated with a
26 record or electronic record setting forth all information required
27 under section 26 for each individual contributor whose contribution
28 is transferred.

29 (c) The connected organization accounts for any contributions



under this subsection in a manner that documents all of the following:

(i) The identity of the individual contributor.

(ii) The date, amount, and method of receipt for each individual contribution.

(iii) The date, amount, and method of all transfers to the separate segregated fund.

(d) The connected organization and the separate segregated fund adopt a written policy governing the handling, accounting, and transfer of any contribution under this subsection.

(e) In connection with an investigation or hearing under section 15 regarding any contributions under this subsection, the connected organization voluntarily agrees to make available to the secretary of state any records described in subdivisions (a) to (d) and provides those records at the request of the secretary of state.

(8) Expenditures by a separate segregated fund created by a connected organization for printed matter having reference to an election, a candidate, or a ballot question and mailed to members of that connected organization must include the following disclaimer:

**"Paid for by with nonregulated funds."
(name of separate segregated fund)**

(9) ~~(8)~~—Except as otherwise provided in subsection ~~(10)~~, ~~(11)~~, a person who knowingly violates this section is guilty of a felony punishable, if the person is an individual, by a fine of not more than \$5,000.00 or imprisonment for not more than 3 years, or both, or, if the person is not an individual, by a fine of not more than \$10,000.00.



1 **(10)** ~~(9)~~—If a connected organization that obtains
2 contributions for a separate segregated fund from individuals
3 described in subsection (2), (3), (4), or (5) pays to 1 or more of
4 those individuals a bonus or other remuneration for the purpose of
5 reimbursing those contributions, then that connected organization
6 is subject to a civil fine of not more than 2 times the total
7 contributions obtained from all individuals for the separate
8 segregated fund during that calendar year.

9 **(11)** ~~(10)~~—If a violation of this section results solely from
10 the failure of a connected organization to transfer 1 or more
11 contributions, that connected organization is not guilty of a
12 felony as described in subsection ~~(8)~~, **(9)**, but shall notify the
13 contributor of the failure to transfer the contribution and refund
14 the full amount of the contribution to the contributor if
15 requested. The penalties described in subsection ~~(8)~~ **(9)** apply to
16 any other violation of this section, including use or diversion of
17 any contributions by a connected organization before those
18 contributions are transferred to the separate segregated fund under
19 subsection (7).

20 **(12)** ~~(11)~~—As used in this section:

21 (a) "Connected organization" means either of the following:

22 (i) A corporation organized on a for-profit or nonprofit basis,
23 a joint stock company, a domestic dependent sovereign, or a labor
24 organization formed under the laws of this or another state or
25 foreign country.

26 (ii) A member of any entity under subparagraph (i) that is not
27 an individual and that does not maintain its own separate
28 segregated fund, unless its separate segregated fund and the
29 separate segregated fund of the entity of which it is a member are



1 treated as a single independent committee as provided in section
2 52(10).

3 (b) "Record" and "electronic record" mean those terms as
4 defined in section 2 of the uniform electronic transactions act,
5 2000 PA 305, MCL 450.832.

6 (c) "Written instrument" means a money order, or a check,
7 cashier's check, or other negotiable instrument, as those terms are
8 defined in section 3104 of the uniform commercial code, 1962 PA
9 174, MCL 440.3104, in the name of the connected organization and
10 payable to the separate segregated fund.

