HOUSE BILL NO. 5926

March 16, 2022, Introduced by Reps. Martin, Bollin and Steven Johnson and referred to the Committee on Elections and Ethics.

A bill to amend 1978 PA 472, entitled

"An act to regulate political activity; to regulate lobbyists, lobbyist agents, and lobbying activities; to require registration of lobbyists and lobbyist agents; to require the filing of reports; to prescribe the powers and duties of the department of state; to prescribe penalties; and to repeal certain acts and parts of acts,"

by amending sections 3, 4, 5, 6, 8, 9, and 12 (MCL 4.413, 4.414, 4.415, 4.416, 4.418, 4.419, and 4.422), section 4 as amended by 2008 PA 289, section 5 as amended by 1986 PA 83, and section 8 as amended by 1994 PA 412.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 3. (1) "Department" means the department of state.
- 2 (2) "Expenditure" means an advance, compensation for labor,
- 3 honorarium, conveyance, deposit, distribution, transfer of funds,
- 4 loan, payment, pledge, or subscription of money or anything of
- 5 value including a contract, agreement, promise, or other
- 6 obligation, whether or not legally enforceable, to make an
- 7 expenditure. Expenditure does not include the payment of a
- 8 membership fee otherwise reported pursuant to section 8(1)(d)
- 9 8(1)(f)(iv) or the cost of travel to visit and return from visiting
- 10 a public official for the purpose of communicating with the public
- 11 official.
- 12 (3) "Financial transaction" means a loan, purchase, sale, or
- 13 other type of transfer or exchange of money, goods, other property,
- 14 or services for value.
- Sec. 4. (1) "Gift" means a payment, advance, forbearance, or
- 16 the rendering or deposit of money, services, or anything of value,
- 17 the value of which exceeds \$25.00, as adjusted under section 19a,
- 18 in any 1-month period, unless consideration of equal or greater
- 19 value is received therefor. for that reason. Gift includes a
- 20 payment, advance, forbearance, or the rendering or deposit of
- 21 money, services, or anything of value to aid the defense of an
- 22 official in the legislative branch, or an official in the executive
- 23 branch, or a partisan legislative employee against a legal action
- 24 not directly related to the governmental duties of the official.
- 25 Gift does not include the following:
- 26 (a) A campaign contribution otherwise reported as required by
- 27 the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to
- **28** 169.282.

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- 1 (b) A loan made in the normal course of business by an
- 2 institution as defined in chapter 1 of the banking code of 1999,
- 3 1999 PA 276, MCL 487.11101 to 487.11203, a national bank, a branch
- 4 bank, an insurance company issuing a loan or receiving a mortgage
- 5 in the normal course of business, a premium finance company, a
- 6 mortgage company, a small loan company, a state or federal credit
- 7 union, a savings and loan association chartered by this state or
- 8 the federal government, or a licensee as defined by the motor
- 9 vehicle sales finance act, 1950 (Ex Sess) PA 27, MCL 492.101 to
- **10** 492.141.
- 11 (c) A gift received from a member of the person's immediate
- 12 family, a relative of a spouse, a relative within the seventh
- 13 degree of consanguinity as computed by the civil law method, or
- 14 from the spouse of the relative.
- 15 (d) A breakfast, luncheon, dinner, or other refreshment
- 16 consisting of food and beverage provided for immediate consumption.
- 17 (e) A contribution to a legal defense fund that is registered
- 18 with the secretary of state under the legal defense fund act, 2008
- 19 PA 288, MCL 15.521 to 15.539, and whose purpose is to defend an
- 20 elected official against any criminal, civil, or administrative
- 21 action, that arises directly out of the conduct of the elected
- 22 official's governmental duties.
- 23 (2) "Immediate family" means a child residing in an
- 24 individual's household, a spouse of an individual, or an individual
- 25 claimed by that individual or that individual's spouse as a
- 26 dependent for federal income tax purposes.
- 27 (3) "Loan" means a transfer of money, property, or anything of
- 28 ascertainable value in exchange for an obligation, conditional or
- 29 not, to repay in whole or in part.

- 1 Sec. 5. (1) "Governmental body" means a state legislative or
- 2 governing body, including a board, commission, committee,
- 3 subcommittee, authority, or council, that may, under a state
- 4 constitution, statute, or rule, exercise governmental or
- 5 proprietary authority or perform a governmental or proprietary
- 6 function, or a lessee of the body that performs an essential public
- 7 purpose and function under the lease agreement.
- 8 (2) "Influencing" means promoting, supporting, affecting,
- 9 modifying, opposing, or delaying by any means, including the
- 10 providing of or use of information, statistics, studies, or
- 11 analysis.
- 12 (3) (1) "Legislative action" means introduction, sponsorship,
- 13 support, opposition, consideration, debate, vote, passage, defeat,
- 14 approval, veto, delay, or an official action by an official in the
- 15 executive branch, or a official in the legislative branch, or a
- 16 partisan legislative employee on a bill, resolution, amendment,
- 17 nomination, appointment, report, or any matter pending or proposed
- 18 in a legislative committee or either house of the legislature.
- 19 Legislative action does not include the representation of a person
- 20 who has been subpoenaed to appear before the legislature or an
- 21 agency of the legislature.
- 22 (4) (2) "Lobbying" means communicating directly with an
- 23 official in the executive branch of state government, or an
- 24 official in the legislative branch of state government, or a
- 25 partisan legislative employee for the purpose of influencing
- 26 legislative action or administrative action. Lobbying does not
- 27 include the providing of technical information by a person other
- 28 than a person as defined in subsection (5) lobbyist agent or an
- 29 employee of a person as defined in subsection (5) lobbyist agent

- 1 when appearing before an officially convened legislative committee
- 2 or executive department hearing panel. As used in this subsection,
- 3 "technical information" means empirically verifiable data provided
- 4 by a person recognized as an expert in the subject area to which
- 5 the information provided is related.
- 6 (3) "Influencing" means promoting, supporting, affecting,
- 7 modifying, opposing or delaying by any means, including the
- 8 providing of or use of information, statistics, studies, or
- 9 analysis.
- 10 (5) (4) "Lobbyist" means any of the following:
- (a) A person whose expenditures for lobbying are more than\$1,000.00 in value in any 12-month period.
- 13 (b) A person whose expenditures for lobbying are more than
- 14 \$250.00 in value in any 12-month period, if the amount is expended
- 15 on lobbying a single public official.
- 16 (c) For the purpose of subdivisions (a) and (b), groups of 25
- 17 or more people shall not have their personal expenditures for food,
- 18 travel, and beverage included , providing if those expenditures are
- 19 not reimbursed by a lobbyist or lobbyist agent.
- 20 (d) The state or a political subdivision $\frac{\text{which}}{\text{that}}$ contracts
- 21 for a lobbyist agent.
- 22 (6) (5) "Lobbyist agent" means a person who that receives
- 23 compensation or reimbursement of actual expenses, or both, in a
- 24 combined amount in excess of \$250.00 in any 12-month period for
- 25 lobbying.
- 26 (6) "Representative of the lobbyist" means any of the
- 27 following:
- (a) An employee of the lobbyist or lobbyist agent.
- (b) For purposes of section 8(1)(b)(i) and 9(1)(b), a member

- 1 of the lobbyist or employee of a member of the lobbyist, when the
- 2 lobbyist is a membership organization or association, and when the
- 3 lobbyist agent or an employee of the lobbyist or lobbyist agent is
- 4 present during any part of the period during which the purchased
- 5 food or beverage is consumed.
- 6 (c) A person who is reimbursed by the lobbyist or lobbyist
- 7 agent for an expenditure, other than an expenditure for food or
- 8 beverage, which was incurred for the purpose of lobbying.
- 9 (7) Lobbyist or lobbyist agent does not include any of the
- 10 following:
- 11 (a) A publisher, owner, or working member of the press, radio,
- ${f 12}$ or television while disseminating news or editorial comment to the
- 13 general public in the ordinary course of business.
- 14 (b) All elected or appointed public officials of state or
- 15 local government who are acting in the course or scope of the
- 16 office for no compensation, other than that provided by law for the
- 17 office, -not including any of the following:
- (c) For the purposes of this act, subdivision (b) shall not
- 19 include:
- 20 (i) Employees of public or private colleges, community
- 21 colleges, junior colleges, or universities.
- 22 (ii) Employees of townships, villages, cities, counties, or
- 23 school boards.
- 24 (iii) Employees of state executive departments.
- 25 (iv) Employees of the judicial branch of government.
- 26 (c) (d) A member of a lobbyist if the lobbyist is a
- 27 membership organization or association τ and τ the member of τ
- 28 lobbyist does not separately qualify as a lobbyist under subsection
- 29 $\frac{(4)}{(5)}$.

- 1 (8) "Mass mailing" means not less than 1,000 pieces of2 substantially similar material mailed within a 7-day period.
- 3 (9) "Official in the executive branch" means the governor,
- 4 lieutenant governor, secretary of state, attorney general; or an
- 5 individual who is in the executive branch of state government and
- 6 not under civil service; a classified director, chief deputy
- 7 director, or deputy director of a state department. This Official
- 8 in the executive branch includes an individual who is elected or
- 9 appointed and has not yet taken, or an individual who is nominated
- 10 for appointment to, any of the offices or agencies enumerated in
- 11 this subsection. An official Official in the executive branch does
- 12 not include a person an individual serving in a clerical,
- 13 nonpolicy-making, non-policy-making, or nonadministrative capacity.
- 14 In addition to all of the foregoing, an official Official in the
- 15 executive branch includes, but is not limited to, all of the
- 16 following:
- 17 (a) In the executive office of the governor, the chief and
- 18 deputy chief of staff, press secretary, director of job training,
- 19 and director of personnel.
- 20 (b) In the department of agriculture and rural development,
- 21 the racing commissioner and a member of the agriculture and rural
- 22 development commission.
- (c) In the department of civil rights, a A member of the civil
- 24 rights commission.
- 25 (d) In the department of civil service, a A member of the
- 26 civil service commission.
- 27 (e) In the department of commerce, the commissioner of
- 28 financial institutions, labor and economic opportunity, the
- 29 executive director of the housing development authority, the

- 1 director of the unemployment insurance agency, and a member of the
- 2 liquor control commission, strategic fund board, employment
- 3 security board of review, employment security commission, state
- 4 housing development authority, or travel commission. , or public
- 5 service commission.
- 6 (f) In the department of education, a member of the state
- 7 board of education , higher education facilities commission, higher
- 8 education facilities authority, higher education assistance
- 9 authority, higher education student loan authority, or state tenure
- 10 commission.
- 11 (g) In the department of labor, licensing and regulatory
- 12 affairs, the director of the bureau of workers' disability
- 13 compensation, the director of the employment security commission,
- 14 and a member of the construction code commission, employment
- 15 relations commission, employment security board of review,
- 16 employment security commission, public service commission, liquor
- 17 control commission, or wage deviation board.
- 18 (h) In The director of the department of licensing and
- 19 regulation, the state—insurance commissioner.and financial
- 20 services.
- 21 (i) In the department of **technology** management and budget, the
- 22 lottery commissioner, the director of the office of services to the
- 23 aging, the director of the office of state employer, the
- 24 chairperson of the crime victims compensation board, and a member
- 25 of the council for the arts, state administrative board, state
- 26 building authority, toxic substance control commission, or utility
- 27 consumer participation board.
- 28 (j) In the department of natural resources, the supervisor of
- 29 wells environment, Great Lakes, and energy, the director of the

- **department** and a member of the air pollution control commission, natural resources commission. To resources commission.
- (k) In the department of public health, a member of the
 occupational health standards commission.

- (k) (l)—In the department of transportation, a member of the aeronautics commission and a state transportation commissioner.
- 7 (l) (m)—In the department of treasury, a member of the hospital 8 finance authority, investment advisory committee, or state tax 9 commission, higher education facilities commission, higher 10 education facilities authority, higher education assistance 11 authority, or higher education student loan authority.
 - (10) "Official in the legislative branch" means a member of the legislature, the auditor general, the deputy auditor general, an employee of the consumer's council, the director of the legislative retirement system, or any other employee of the legislature other than an individual employed by the state in a clerical or nonpolicy-making non-policy-making capacity. Official in the legislative branch does not include a partisan legislative employee.
 - (11) "Governmental body" means any state legislative or governing body, including a board, commission, committee, subcommittee, authority, or council, which is empowered by state constitution, statute, or rule to exercise governmental or proprietary authority or perform a governmental or proprietary function, or a lessee thereof performing an essential public purpose and function under the lease agreement.
- 27 (11) "Representative of the lobbyist" means any of the 28 following:
 - (a) An employee of the lobbyist or lobbyist agent.

- 1 (b) For purposes of sections 8(1)(f)(ii)(A) and 9(1)(b), a
 2 member of the lobbyist or employee of a member of the lobbyist,
 3 when the lobbyist is a membership organization or association, and
 4 when the lobbyist agent or an employee of the lobbyist or lobbyist
 5 agent is present during any part of the period during which the
 6 purchased food or beverage is consumed.
- 7 (c) A person that is reimbursed by the lobbyist or lobbyist 8 agent for an expenditure, other than an expenditure for food or 9 beverage, which was incurred for the purpose of lobbying.
- 10 Sec. 6. (1) "Local government" means a city, village,
 11 township, county, school district, or community college district.

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- (2) "Nonministerial action" means an action other than an action that a person performs in a prescribed manner under prescribed circumstances in obedience to the mandate of legal authority, without the exercise of personal judgment regarding whether to take the action.
- (3) "Partisan legislative employee" means an individual employed in a partisan position by the senate or house of representatives in this state. Partisan legislative employee does not include a current elected state senator or representative.
- (4) (1)—"Person" means a business, individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, labor organization, company, corporation, association, committee, or any other organization or group of persons acting jointly, including a state agency or a political subdivision of the state.
- (5) (2)—"Public official" means an official in the executive
 or legislative branch of state government.
- (3) "Nonministerial action" means an action other than an
 action which a person performs in a prescribed manner under

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- 1 prescribed circumstances in obedience to the mandate of legal
- 2 authority, without the exercise of personal judgment regarding
- 3 whether to take the action.
- 4 (4) "Local government" means a city, village, township,
- 5 county, school district, or community college district.
- 6 Sec. 8. (1) A-Each lobbyist or a lobbyist agent shall file a
- 7 signed report in a form prescribed by with the secretary of state
- 8 under this section. A report shall be filed All of the following
- 9 apply to a report required under this subsection:
- 10 (a) The lobbyist or lobbyist agent shall submit the report in
- 11 writing, in a form prescribed by the secretary of state and signed
- 12 by the lobbyist or lobbyist agent.
- 13 (b) The lobbyist or lobbyist agent shall file the report on
- 14 January 31 covering the calendar year ending on the immediately
- 15 preceding December 31, and on August 31 covering the immediately
- 16 preceding December 31 to July 31.

- 17 (c) A report shall for the lobbyist must be filed by a the
- 18 lobbyist or for the lobbyist by the lobbyist agent who acts on
- 19 behalf of the lobbyist. and the A report for a lobbyist agent who
- 20 acts on his or her own behalf must be filed by that lobbyist agent.
- 21 (d) A lobbyist or a lobbyist agent may request from the
- 22 secretary of state an extension of the deadline for filing the
- 23 report for a period not to exceed of not more than 60 days. The
- 24 secretary of state shall respond in writing to the request, either
- 25 approving or disapproving the request. , and if approval is
- 26 granted, If the secretary of state approves the request, the period
- 27 of the extension , not later than must be within 9 days after
- 28 receipt of the secretary of state receives the request.
 - (e) A lobbyist or lobbyist agent may file an amended report

- 1 within 1 year after the date the report is required to be filed,
- 2 including an extension period granted under subdivision (d). The
- 3 (f) Each report shall be on a prescribed form and shall must
- 4 include the following information:
- 5 (i) (a) A statement updating to the end of the reporting period
- 6 the information required to be filed for registration under section
- **7** 7.
- 8 (ii) (b) An account of expenditures made by a lobbyist,
- 9 lobbyist agent, or representative of a lobbyist. The account must
- 10 report the expenditures shall be reported by category, with the
- 11 report showing in the following categories, show the total amount
- 12 expended in each category during the preceding reporting period,
- 13 and show the cumulative amount expended in each category for the
- 14 current year period from January 1 through the month covered by the
- 15 report. Expenditures shall be reported in the following
- 16 categories:end of the reporting period:
- 17 (A) $\frac{(i)}{(i)}$ Expenditures Subject to subsection (2), expenditures
- 18 for food and beverage provided for public officials as specified in
- 19 subsection (2).or a partisan legislative employee.
- 20 (B) $\frac{(ii)}{(ii)}$ Advertising and mass mailing expenses directly related
- 21 to lobbying.
- (C) (iii) Other expenditures for lobbying made or incurred by a
- 23 lobbyist, a lobbyist agent, or an employee of a lobbyist or
- 24 lobbyist agent, other than expenditures for lobbying made or
- 25 incurred by a lobbyist, a lobbyist agent, or an employee of a
- 26 lobbyist or a lobbyist agent of less than \$5.00 made for goods or
- 27 services for which a receipt or proof of purchase is not normally
- 28 available.
- 29 (iii) (c)—An account of every financial transaction during the

- 1 immediately preceding reporting period between the lobbyist or
- 2 lobbyist agent, or a person acting on behalf of the lobbyist or
- 3 lobbyist agent, and a public official, a partisan legislative
- 4 employee, or a member of the public official's immediate family, or
- 5 a business with which the individual is associated, in which goods
- 6 and services having that have a value of at least \$775.00, or
- 7 travel and lodging expenses paid for or reimbursed to a public
- 8 official who is not a legislator in connection with public business
- 9 by that public official who is not a legislator or a partisan
- 10 legislative employee in excess of \$500.00, are involved. The
- 11 account shall must include the date and nature of the transaction,
- 12 the parties to the transaction, and the amount involved in the
- 13 transaction. This subdivision subparagraph does not apply to the
- 14 following:
- (A) (i) A financial transaction in the ordinary course of the
- 16 business of the lobbyist, if the primary business of the lobbyist
- 17 is other than lobbying, and if consideration of equal or greater
- 18 value is received by the lobbyist.
- 19 (B) $\frac{(ii)}{(ii)}$ A financial transaction undertaken in the ordinary
- 20 course of the lobbyist's business, in which fair market value is
- 21 given or received for a benefit conferred.
- 22 (iv) (d) A brief description of the lobbying activities engaged
- 23 in during the previous reporting period.
- (v) (e) In the case of For travel and lodging expenses
- 25 described in subdivision (c), subparagraph (iii), paid for or
- 26 reimbursed to a partisan legislative employee, the lobbyist or
- 27 lobbyist agent shall prepare include with the report a separate
- 28 document detailing the expenditure required to be reported.
- 29 expenditures the lobbyist or lobbying agent is required to report.

1 The lobbyist or lobbyist agent shall send, simultaneously with the
2 filing of the report to the secretary of state, a copy of the
3 document to the affected legislator.partisan legislative employee.

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(2) Expenditures for food and beverage provided to a public official shall or a partisan legislative employee must be reported under subsection (1) (f) (\ddot{u}) if the expenditures for that public official or partisan legislative employee exceed \$25.00 in any month covered by the report or \$150.00 during that calendar year from January 1 through the month covered by the report. The report shall must include the name and of the public official or partisan legislative employee, the title or office of the public official, and the expenditures on that public official or partisan legislative employee for the months covered by the report and for the year. If more than 1 public official or partisan legislative employee is provided food and beverage and a single check is rendered, the report may reflect the average amount of the check for each public official or partisan legislative employee. If the expenditures are a result of an event at which more than 25 public officials were in attendance, are a result of an event to which an entire standing committee of the legislature was invited in writing to be informed concerning a bill that was assigned to that standing committee, or are a result of an event to which an entire caucus of either house of the legislature was invited in writing, a lobbyist or a lobbyist agent shall report the total amount expended on the public officials in attendance for food and beverage and is not required to report the amount expended on the public officials individually. In reporting those amounts, the lobbyist or lobbyist agent shall file a statement providing a description by category of

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the persons in attendance and the nature of each event or function

- 1 held during the preceding reporting period.
- 2 (3) A person $\frac{1}{2}$ that, without good cause, fails to report
- 3 under subsection (1) shall pay a late filing fee of \$10.00 for each
- 4 day the report remains not filed in violation of subsection (1),
- 5 not to exceed \$300.00. A person who without good cause is in
- 6 violation of that violates subsection (1) for more than 30 days
- 7 without good cause is guilty of a misdemeanor —punishable by a
- **8** fine of not more than \$1,000.00.
- **9** (4) If a lobbyist agent employs another lobbyist agent to
- 10 engage in lobbying, the employer lobbyist agent shall report the
- 11 activities of the employee lobbyist agent shall be reported by the
- 12 employer lobbyist agent under this section.
- 13 (5) Within a reasonable time after receipt of receiving a
- 14 request from an elected public official in regard to a report of a
- 15 lobbyist or a lobbyist agent, the secretary of state shall report
- 16 to the elected public official on any reported activity by the
- 17 lobbyist or lobbyist agent in that report, and shall notify the
- 18 elected public official of the specific occurrence and the specific
- 19 nature of the reported activity.
- 20 (6) The secretary of state shall preserve statements and
- 21 reports filed under this act for 5 years after filing. The
- 22 statements and reports may be reproduced pursuant to the records
- 23 media act. under the records reproduction act, 1992 PA 116, MCL
- 24 24.401 to 24.406. After the required preservation period, the
- 25 secretary of state shall destroy the statements and reports, or the
- 26 reproductions of the statements and reports, other than those
- 27 necessary to complete an investigation by the attorney general or
- 28 pertinent to a matter being adjudicated in a court of law. , shall
- 29 be destroyed.

- Sec. 9. (1) A lobbyist or a lobbyist agent acting on behalf of 1 the lobbyist, and a lobbyist agent acting on his or her own behalf, 2 shall obtain and preserve all accounts, bills, receipts, books, 3 papers, and documents necessary to substantiate the reports 4 5 required to be made pursuant to under section 8 for 5 years after 6 the report containing those items is filed. These records shall 7 must be made available for inspection upon request by the secretary 8 of state after reasonable notice. The records shall must include 9 the following:
 - (a) An itemized account of all expenditures related to the performance of lobbying. Single expenditures of \$100.01 or more shall must be recorded separately with the record showing the date, purpose, and name and address of the recipient of the expenditures.

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(b) An itemized account of all expenditures for food and beverage provided for public officials or a partisan legislative employee. The account shall must reflect the date and amount of the expenditure and the name and of the public official or partisan legislative employee, the title or office of the public official for whom the expenditure was made, and the name of the lobbyist agent or representative of the lobbyist who purchased the food or beverage for the public official or partisan legislative employee, except that when more than 1 public official or partisan legislative employee is provided food and beverage and a single check or voucher is rendered, the account may reflect the average amount of the check for each public official or partisan legislative employee. A lobbyist shall record amounts expended on public officials for food and beverage where the expenditures are a result of an event at which more than 25 public officials were in attendance or are a result of an event to which an entire standing

- 1 committee of the legislature has been invited in writing to be
- 2 informed concerning a bill which has been assigned to that standing

- 3 committee. The record shall must not list the expenditures for
- 4 public officials individually. The lobbyist shall record the names
- 5 of all public officials in attendance and the nature of each event
- 6 or function held.
- 7 (2) A person An individual who violates this section is guilty
- 8 of a misdemeanor and shall be punished punishable by a fine of not
- 9 more than \$1,000.00 , or imprisoned imprisonment for not more than
- 10 90 days, or both. , and if the If a person is other than an
- 11 individual violates this section, the person shall be fined not
- more than \$10,000.00.
- Sec. 12. (1) The department 2 times Twice a year and annually,
- 14 the department shall prepare and publish summaries of the
- 15 statements and reports received under this act. The summaries shall
- 16 must include a list of the names of the lobbyists and lobbyist
- 17 agents. The summaries shall must be given wide public
- 18 dissemination.
- 19 (2) The department shall include all reports received under
- 20 section 8(1)(f)(ii)(A), (iii), and (v) in a database that is
- 21 searchable by name or the amount of expenditure. The department
- 22 shall make that database available to the public on an internet
- 23 website.