

**SUBSTITUTE FOR
HOUSE BILL NO. 4643**

A bill to regulate political activity; to require state senators to file financial reports; to prescribe the powers and duties of certain state officers and agencies; to require the promulgation of rules; 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 "state
2 senator financial disclosure act".

3 Sec. 2. As used in this act:

4 (a) "Beneficial interest" includes, but is not limited to, the
5 interest in a trust of a qualified trust beneficiary or a trust
6 beneficiary as those terms are defined in section 7103 of the
7 estates and protected individuals code, 1998 PA 386, MCL 700.7103.



1 (b) "Blind trust" means a qualified blind trust or qualified
2 diversified trust as those terms are defined in 5 CFR 2634.403.

3 (c) "Earned income" means salaries, tips, or other
4 compensation, and net earnings from self-employment for the taxable
5 year.

6 (d) "Immediate family of an individual", except as otherwise
7 provided in this act, means a spouse or dependent child of that
8 individual or a person claimed by that individual or that
9 individual's spouse as a dependent for federal income tax purposes.

10 (e) "Income" means money or any thing of value received, or to
11 be received as a claim on future services, whether in the form of a
12 fee, salary, expense, allowance, forbearance, forgiveness,
13 interest, dividend, royalty, rent, capital gain, or any other form
14 of recompense that is considered income under the internal revenue
15 code of 1986, 26 USC 1 to 9834.

16 (f) "State official" means a state senator whose current term
17 began after the effective date of this act.

18 Sec. 3. (1) If an individual is a state official at any time
19 during a calendar year, that individual shall electronically file
20 with the secretary of state by May 15 of the following year a
21 report that meets the requirements of section 4. This subsection
22 does not apply to an individual who was a state official only on
23 the first day of the calendar year or who, under any of the
24 following acts, files a report in the current calendar year:

25 (a) University board member financial disclosure act.

26 (b) State board of education financial disclosure act.

27 (c) State representative financial disclosure act.

28 (d) Judicial branch financial disclosure act.

29 (e) Executive branch financial disclosure act.



1 (2) If an individual required to file a report under this act
2 receives notice from the secretary of state under section 6(1)(g),
3 the individual shall, within 9 business days after receiving the
4 notice, file corrections to the errors or omissions or file the
5 report, as applicable.

6 Sec. 4. (1) Subject to subsection (4), and except as provided
7 in section 5, a report required under section 3 must include a
8 complete statement of all of the following:

9 (a) The full name, mailing address, and occupation of the
10 individual filing the report.

11 (b) The name of each member of the immediate family of the
12 individual filing the report who is not a dependent child and the
13 number of members of the immediate family of the individual filing
14 the report who are dependent children.

15 (c) The name, address, and principal activity of each employer
16 of the individual and of each member of the immediate family of the
17 individual filing the report during the calendar year covered by
18 the report if the individual's or member's total earned income from
19 the employer equals \$5,000.00 or more during that calendar year.

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

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

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

29 (e) The source and type of all other income not reported under



1 subdivision (d) that is received during the preceding calendar year
2 by the individual filing the report or a member of the immediate
3 family of that individual if the total income from that source
4 equals \$5,000.00 or more during that calendar year.

5 (f) Excluding a primary residence, the address of each parcel
6 of real property held during the preceding calendar year by the
7 individual filing the report or a member of the immediate family of
8 that individual if the real property had a fair market value of
9 \$50,000.00 or more at any time the real property was held during
10 the preceding calendar year. An individual filing a report may
11 exclude the street number of a parcel of real property listed under
12 this subdivision.

13 (g) A description of any stocks, bonds, commodities, futures,
14 shares in mutual funds, or other forms of securities held by the
15 individual filing the report or a member of the immediate family of
16 that individual during the preceding calendar year, if the security
17 has a total aggregate fair market value of \$10,000.00 or more on
18 the date the report is filed.

19 (h) A description of any interest in any of the following
20 types of assets held by the individual filing the report or a
21 member of the immediate family of that individual, if the interest
22 in the asset has a value of \$10,000.00 or more on the date the
23 report is filed:

24 (i) A qualified or nonqualified annuity.

25 (ii) A benefit under a qualified or nonqualified plan of
26 deferred compensation.

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

29 (iv) An individual retirement account or trust.



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

5 (i) The identity of all compensated positions held by the
6 individual filing the report or a member of the immediate family of
7 that individual during the preceding calendar year as an officer,
8 director, member, trustee, partner, proprietor, representative,
9 employee, or consultant of a corporation, limited liability
10 company, limited partnership, partnership, or other business
11 enterprise; of a nonprofit organization; of a labor organization;
12 or of an educational or other institution other than this state, if
13 the total compensation received from a position equals \$1,000.00 or
14 more during that calendar year. A position reported under this
15 subdivision must include the title of the position, the name of the
16 entity within which the position exists, and the principal activity
17 of the entity.

18 (j) If the individual filing the report or a member of the
19 immediate family of that individual was required during the
20 previous calendar year to register as a lobbyist or lobbyist agent
21 under section 7 of 1978 PA 472, MCL 4.417, the name, address, and
22 principal activity of all persons who gave compensation to or
23 reimbursed the individual or immediate family member for lobbying.
24 As used in this subdivision, "immediate family" includes the child
25 of an individual, whether dependent or not, parent of an
26 individual, and spouse of a child of an individual.

27 (k) A description of any interest the individual filing the
28 report or a member of the immediate family of that individual had
29 during the preceding calendar year in a legal entity that conducts



1 business in this state, if the interest has a book value of
2 \$10,000.00 or more, unless the entity has shares that are listed or
3 traded over the counter or on an organized exchange.

4 (2) Subject to subsection (4), information an individual is
5 required to report under this section includes information with
6 respect to the income from a trust or other financial arrangement
7 from which income is received by, or with respect to which a
8 beneficial interest in principal or income is held by, an
9 individual required to file a report under this section or a member
10 of the immediate family of that individual.

11 (3) An individual is not required to disclose the value of any
12 real or personal property disclosed under subsection (1).

13 (4) If an individual required to file a report under section 3
14 or an immediate family member of the individual holds a beneficial
15 interest in a blind trust, the individual is not required to
16 include the interests or assets of the blind trust in his or her
17 statement under subsection (1). However, the individual must
18 indicate in his or her report that the individual or the immediate
19 family member of the individual holds a beneficial interest in a
20 blind trust.

21 Sec. 5. An individual filing a report under section 3 may omit
22 any of the following:

23 (a) Information an individual is required to report under the
24 Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

25 (b) An item otherwise required to be reported under section
26 4(1)(f) or (g) if all of the following apply:

27 (i) The item represents the exclusive financial interest and
28 responsibility of a member of the immediate family of the
29 individual filing the report about which the individual filing the



1 report does not have actual knowledge.

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

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

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

10 (d) An item that concerns income of the individual filing the
11 report or a member of the immediate family of that individual
12 arising from dissolution of the individual's or member's marriage
13 or a permanent legal separation from the individual's or member's
14 spouse.

15 (e) Compensation from a publicly held corporation that has
16 shares that are listed or traded over the counter or on an
17 organized exchange paid to a business owned by the individual
18 filing the report or in which the individual filing the report has
19 an interest, if the report under section 4 includes a complete
20 statement of the identity and value of that business.

21 (f) Benefits received under the social security act, chapter
22 531, 49 Stat 620.

23 Sec. 6. (1) The secretary of state shall do all of the
24 following:

25 (a) Make available through his or her offices appropriate
26 forms, instructions, and manuals required by this act.

27 (b) Create and operate an electronic, internet-accessible
28 system to receive all statements and reports required by this act
29 to be filed with the secretary of state.



1 (c) Prepare forms, instructions, and manuals required under
2 this act.

3 (d) Promulgate rules and issue declaratory rulings to
4 implement this act pursuant to the administrative procedures act of
5 1969, 1969 PA 306, MCL 24.201 to 24.328.

6 (e) Upon receiving a written request and the required filing,
7 waive payment of a late filing fee if the request for the waiver is
8 based on good cause and accompanied by adequate documentation. One
9 or more of the following reasons constitute good cause for a late
10 filing fee waiver:

11 (i) The incapacitating physical illness, hospitalization,
12 accident involvement, death, or incapacitation for medical reasons
13 of an individual required to file a report, an individual whose
14 participation is essential to the preparation of the report, or a
15 member of the immediate family of 1 of these individuals.

16 (ii) Other unique, unintentional factors beyond the
17 individual's control that are not the result of a negligent act or
18 nonaction so that a reasonably prudent person would excuse the
19 filing on a temporary basis. These factors include the loss or
20 unavailability of records because of a fire, flood, theft, or
21 similar reason and difficulties related to the transmission of the
22 filing to the secretary of state, such as exceptionally bad
23 weather.

24 (f) As soon as practicable, but not later than 5 business days
25 after a report required to be filed under this act is received,
26 make the report or all of the contents of the report available
27 without charge to the public on the internet at a single website.

28 (g) Within 9 business days after the deadline for filing a
29 report under this act, notify, by registered mail, an individual of



1 any error or omission in the individual's report or that the
2 individual failed to file the required report.

3 (2) The secretary of state shall issue a declaratory ruling
4 under this section only if the person requesting the ruling has
5 provided a reasonably complete statement of facts necessary for the
6 ruling or if the person requesting the ruling has, with the
7 permission of the secretary of state, supplied supplemental facts
8 necessary for the ruling. Within 2 days after receiving a request
9 for a declaratory ruling, the secretary of state shall make the
10 request available in the manner provided for under subsection
11 (1)(f). An interested person may submit written comments regarding
12 the request to the secretary of state within 10 business days after
13 the date the request is made available to the public. Within 45
14 business days after receiving a declaratory ruling request, the
15 secretary of state shall make a proposed response available in the
16 manner provided for under subsection (1)(f). An interested person
17 may submit written comments regarding the proposed response to the
18 secretary of state within 5 business days after the date the
19 proposal is made available to the public. Except as otherwise
20 provided in this section, the secretary of state shall issue a
21 declaratory ruling within 60 business days after receiving a
22 request for a declaratory ruling. If the secretary of state refuses
23 to issue a declaratory ruling, the secretary of state shall notify
24 the person making the request of the reasons for the refusal and
25 issue an interpretative statement providing an informational
26 response to the question presented within the 60-day period. A
27 declaratory ruling or interpretative statement issued under this
28 section must not state a general rule of law, other than that which
29 is stated in this act, until the general rule of law is promulgated



1 by the secretary of state as a rule pursuant to the administrative
2 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, or under
3 judicial order.

4 (3) Under extenuating circumstances, the secretary of state
5 may issue a notice extending, for not more than 30 business days,
6 the period during which the secretary of state shall respond to a
7 request for a declaratory ruling. The secretary of state shall not
8 issue more than 1 notice of extension for a particular request. A
9 person requesting a declaratory ruling may waive, in writing, the
10 time limitations provided by this section.

11 (4) The secretary of state shall make available to the public
12 an annual summary of the declaratory rulings and interpretative
13 statements issued by the secretary of state under this section.

14 (5) A person may file with the secretary of state a complaint
15 that alleges a violation of this act. Within 5 business days after
16 a complaint that meets the requirements of subsection (6) is filed,
17 the secretary of state shall mail notice to the person against whom
18 the complaint is filed. The notice must include a copy of the
19 complaint. Within 15 business days after the notice is mailed, the
20 person against whom the complaint was filed may submit a response
21 to the secretary of state. The secretary of state may extend the
22 period for submitting a response an additional 15 business days for
23 good cause. The secretary of state shall mail a copy of a response
24 received to the complainant. Within 10 business days after the
25 response is mailed, the complainant may submit a rebuttal statement
26 to the secretary of state. The secretary of state may extend the
27 period for submitting a rebuttal statement an additional 10
28 business days for good cause. The secretary of state shall provide
29 a copy of the rebuttal statement to the person against whom the



1 complaint was filed.

2 (6) A complaint filed under subsection (5) must satisfy all of
3 the following requirements:

4 (a) Be signed by the complainant.

5 (b) State the name, address, and telephone number of the
6 complainant.

7 (c) Include the complainant's certification that, to the best
8 of the complainant's knowledge, information, and belief, formed
9 after a reasonable inquiry under the circumstances, each factual
10 contention of the complaint is supported by evidence. However, if,
11 after a reasonable inquiry under the circumstances, the complainant
12 is unable to certify that certain factual contentions are supported
13 by evidence, the complainant may certify that, to the best of his
14 or her knowledge, information, or belief, there are grounds to
15 conclude that those specifically identified factual contentions are
16 likely to be supported by evidence after a reasonable opportunity
17 for further inquiry.

18 (7) A person shall not file a complaint with a false
19 certificate under subsection (6)(c). A person may file a complaint
20 under subsection (5) alleging that another person has filed a
21 complaint with a false certificate under subsection (6)(c).

22 (8) The secretary of state shall investigate allegations
23 brought under this act pursuant to the rules promulgated under this
24 act. If an allegation involves the secretary of state, or a member
25 of the immediate family of the secretary of state, the secretary of
26 state shall refer the matter to the attorney general to determine
27 whether a violation of this act occurred.

28 (9) No later than 45 business days after receiving a rebuttal
29 statement submitted under subsection (5) or, if no response or



1 rebuttal is received under subsection (5), 45 business days after
2 receiving a complaint under subsection (5), the secretary of state
3 shall post on the secretary of state's website whether there may be
4 reason to believe that a violation of this act occurred. If the
5 secretary of state determines whether there may be reason to
6 believe that a violation of this act occurred or determines to
7 terminate its proceedings, the secretary of state shall, within 30
8 days after that determination, post on the secretary of state's
9 website any complaint, response, or rebuttal statement received
10 under subsection (5) regarding that violation or alleged violation
11 and any correspondence that is dispositive of that violation or
12 alleged violation between the secretary of state and the
13 complainant or the person against whom the complaint was filed. If
14 the secretary of state determines that there may be reason to
15 believe that a violation of this act occurred, the secretary of
16 state shall endeavor to correct the violation or prevent a further
17 violation by using informal methods such as a conference,
18 conciliation, or persuasion, and may enter into a conciliation
19 agreement with the person involved. Unless violated, a conciliation
20 agreement is a complete bar to any further civil action with
21 respect to matters covered in the conciliation agreement. The
22 secretary of state shall, within 30 days after a conciliation
23 agreement is signed, post that agreement on the secretary of
24 state's website. If, after 90 business days, the secretary of state
25 is unable to correct or prevent further violation by these informal
26 methods, the secretary of state shall commence a hearing as
27 provided in subsection (10) for enforcement of this act.

28 (10) The secretary of state may commence a hearing to
29 determine whether a violation of this act occurred. The hearing



1 must be conducted pursuant to chapter 4 of the administrative
2 procedures act of 1969, 1969 PA 306, MCL 24.271 to 24.288.

3 (11) A final decision or order issued by the secretary of
4 state under this act is subject to judicial review as provided by
5 chapter 6 of the administrative procedures act of 1969, 1969 PA
6 306, MCL 24.301 to 24.306. The secretary of state shall deposit a
7 civil fine imposed under this act in the general fund. The
8 secretary of state may bring an action in circuit court to recover
9 the amount of a civil fine.

10 (12) The secretary of state shall review a report or statement
11 filed under this act and may investigate an apparent violation of
12 this act pursuant to the rules promulgated under this act. If the
13 secretary of state determines that there may be reason to believe a
14 violation of this act occurred and the procedures prescribed in
15 subsection (9) have been complied with, the secretary of state may
16 commence a hearing under subsection (10) to determine whether a
17 violation of this act occurred.

18 (13) In addition to any other sanction provided for by this
19 act, the secretary of state may require a person who violates
20 subsection (7) to do either or both of the following:

21 (a) Pay to the secretary of state some or all of the expenses
22 incurred by the secretary of state as a direct result of the
23 violation.

24 (b) Pay to the person against whom the complaint was filed
25 some or all of the expenses, including, but not limited to,
26 reasonable attorney fees incurred by that person in proceedings
27 under this act as a direct result of the violation.

28 (14) There is no private right of action, either in law or in
29 equity, under this act. The remedies provided in this act are the



1 exclusive means by which this act may be enforced and by which any
2 harm resulting from a violation of this act may be redressed.

3 Sec. 7. (1) The secretary of state shall provide a copy of a
4 report, or part of a report, required to be filed under this act at
5 a reasonable charge.

6 (2) A report that is made available to the public under this
7 act must not be used for any commercial purpose.

8 (3) The secretary of state shall preserve a report filed under
9 this act for 15 years after the date the report is filed. If the
10 secretary of state or attorney general determines under section 6
11 that a violation of this act occurred, the secretary of state shall
12 preserve all complaints, orders, decisions, or other documents
13 related to that violation for 15 years after the date of the
14 determination or the date the violation is corrected, whichever is
15 later. Reports filed under this act may be reproduced pursuant to
16 the records reproduction act, 1992 PA 116, MCL 24.401 to 24.406.
17 After the required preservation period, the reports, or the
18 reproductions of the reports, may be disposed of in the manner
19 prescribed in the management and budget act, 1984 PA 431, MCL
20 18.1101 to 18.1594, and section 11 of the Michigan history center
21 act, 2016 PA 470, MCL 399.811.

22 (4) The secretary of state shall not collect a charge for the
23 filing of a report under this act, except a late filing fee
24 required by this act.

25 (5) The secretary of state shall determine whether a statement
26 or report filed under this act complies, on its face, with the
27 requirements of this act and the rules promulgated under this act.
28 The secretary of state shall determine whether a statement or
29 report that is required to be filed under this act is in fact



1 filed.

2 (6) A report required to be filed under this act must be filed
3 not later than 5 p.m. of the day it is required to be filed.

4 Sec. 8. (1) An individual who fails to file a report as
5 required under this act shall pay a late filing fee determined as
6 follows:

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

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

11 (c) In addition to the late filing fees imposed under
12 subdivisions (a) and (b), \$5,000.00 if the report remains unfiled
13 for more than 105 business days.

14 (2) If an individual required to file a report under this act
15 knowingly files an incomplete or inaccurate report, the individual
16 shall be ordered to pay a civil fine of not more than \$10,000.00.

17 (3) A late filing fee collected under this act must be
18 deposited into the state official financial disclosure fund created
19 in section 9 of the state representative financial disclosure act.
20 A late filing fee assessed under this act that remains unpaid for
21 more than 180 days must be referred to the department of treasury
22 for collection.

23 Enacting section 1. This act takes effect May 1, 2020.

24 Enacting section 2. This act does not take effect unless all
25 of the following bills of the 100th Legislature are enacted into
26 law:

27 (a) House Bill No. 4642.

28 (b) House Bill No. 4644.

29 (c) House Bill No. 4645.



- 1 (d) House Bill No. 4646.
- 2 (e) House Bill No. 4647.
- 3 (f) House Bill No. 4648.
- 4 (g) House Bill No. 4649.

