

Act No. 237  
Public Acts of 1999  
Approved by the Governor  
December 28, 1999  
Filed with the Secretary of State  
December 28, 1999  
EFFECTIVE DATE: March 10, 2000

**STATE OF MICHIGAN  
90TH LEGISLATURE  
REGULAR SESSION OF 1999**

Introduced by Rep. Bishop

# **ENROLLED HOUSE BILL No. 5059**

AN ACT to amend 1976 PA 388, entitled "An act to regulate political activity; to regulate campaign financing; to restrict campaign contributions and expenditures; to require campaign statements and reports; to regulate anonymous contributions; to regulate campaign advertising and literature; to provide for segregated funds for political purposes; to provide for the use of public funds for political purposes; to create certain funds; to provide for reversion, retention, or refunding of unexpended balances in certain funds; to require other statements and reports; to regulate acceptance of certain gifts, payments, and reimbursements; to prescribe the powers and duties of certain state departments and state and local officials and employees; to provide appropriations; to prescribe penalties and provide remedies; and to repeal certain acts and parts of acts," by amending sections 5, 22, 24, 26, 28, 29, 41, and 42 (MCL 169.205, 169.222, 169.224, 169.226, 169.228, 169.229, 169.241, and 169.242), sections 5, 26, and 29 as amended by 1995 PA 264, section 22 as amended by 1989 PA 95, and sections 24, 28, 41, and 42 as amended by 1994 PA 117, and by adding section 18; and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

Sec. 5. (1) "Domestic dependent sovereign" means an Indian tribe that has been acknowledged, recognized, restored, or reaffirmed as an Indian tribe by the secretary of the interior pursuant to chapter 576, 48 Stat. 984, 25 U.S.C. 461 to 463, 464 to 465, 466 to 470, 471 to 472, 473, 474 to 475, 476 to 478, and 479, commonly referred to as the Indian reorganization act, or has otherwise been acknowledged by the United States government as an Indian tribe.

(2) "Election" means a primary, general, special, or millage election held in this state or a convention or caucus of a political party held in this state to nominate a candidate. Election includes a recall vote.

(3) "Election cycle" means 1 of the following:

(a) For a general election, the period beginning the day following the last general election in which the office appeared on the ballot and ending on the day of the general election in which the office next appears on the ballot.

(b) For a special election, the period beginning the day a special general election is called or the date the office becomes vacant, whichever is earlier, and ending on the day of the special general election.

(4) "Elective office" means a public office filled by an election. A person who is appointed to fill a vacancy in a public office that is ordinarily elective holds an elective office. Elective office does not include the office of precinct delegate. Except for the purposes of sections 47, 54, and 55, elective office does not include a school board member in a school district that has a pupil membership of 2,400 or less enrolled on the most recent pupil membership count day. However, elective office includes a school board member in a school district that has a pupil membership of 2,400 or less, if a candidate committee of a candidate for the office of school board member in that school district receives an amount in

excess of \$1,000.00 or expends an amount in excess of \$1,000.00. Elective office does not include a federal office except for the purposes of section 57.

Sec. 18. (1) The secretary of state shall develop and implement an electronic disclosure system that permits committees required to electronically file statements or reports required under this act with the secretary of state by diskette, modem, or internet and that provides internet disclosure of electronically filed statements or reports on a website.

(2) By July 1, 2000, the secretary of state shall offer each committee required to file with the secretary of state the option of filing campaign statements electronically, as described in subsection (1).

(3) Beginning with the preelection campaign statement for the August 2000 primary, each candidate committee for the supreme court, court of appeals, or state house of representatives that received or expended \$20,000.00 or more in the preceding election cycle or expects to receive or expend \$20,000.00 or more in the current election cycle shall electronically file all statements and reports required under this act, as described in subsection (1).

(4) Beginning with the annual campaign statement due January 31, 2002, each candidate committee required to file with the secretary of state that received or expended \$20,000.00 or more in the preceding election cycle or that receives or expends or expects to receive or expend \$20,000.00 or more in the current election cycle shall electronically file all statements and reports required under this act, as described in subsection (1).

(5) Beginning with the annual campaign statement due January 31, 2002, each committee, other than a candidate committee, required to file with the secretary of state that received or expended \$20,000.00 or more in the preceding calendar year or expects to receive or expend \$20,000.00 or more in the current calendar year shall electronically file all statements and reports required under this act, as described in subsection (1).

(6) If a committee was not required to file a campaign statement under subsection (3), (4), or (5) only because it did not meet the applicable threshold of receiving or expending \$20,000.00 or more, but the committee later reaches that threshold, the committee shall notify the secretary of state within 10 business days after reaching that threshold and shall subsequently file electronically all statements and reports required under this act pursuant to subsection (3), (4), or (5), as applicable.

(7) The secretary of state shall permit a committee to electronically file statements and reports required under this act, as described in subsection (1), except an original statement of organization, after the committee treasurer and, for a candidate committee, the candidate has signed and filed a form designed by the secretary of state to serve as the signature verifying the accuracy and completeness of each statement or report filed electronically.

Sec. 22. A committee treasurer or other individual designated on the statement of organization as responsible for the committee's record keeping, report preparation, or report filing shall keep detailed accounts, records, bills, and receipts as required to substantiate the information contained in a statement or report filed pursuant to this act or rules promulgated under this act. The treasurer shall record the name and address of a person from whom a contribution is received. The records of a committee shall be preserved for 5 years and shall be made available for inspection as authorized by the secretary of state. A treasurer or other individual designated as responsible for the committee's record keeping, report preparation, or report filing who knowingly violates this section is subject to a civil fine of not more than \$1,000.00.

Sec. 24. (1) A committee shall file a statement of organization with the filing officials designated in section 36 to receive the committee's campaign statements. A statement of organization shall be filed within 10 days after a committee is formed. A filing official shall maintain a statement of organization filed by a committee until 5 years after the official date of the committee's dissolution. A person who fails to file a statement of organization required by this subsection shall pay a late filing fee of \$10.00 for each business day the statement remains not filed in violation of this subsection. The late filing fee shall not exceed \$300.00. A person who violates this subsection by failing to file for more than 30 days after a statement of organization is required to be filed is guilty of a misdemeanor punishable by a fine of not more than \$1,000.00.

(2) The statement of organization required by subsection (1) shall include the following information:

(a) The name, street address, and if available, the telephone number of the committee. If a committee is a candidate committee, the committee name shall include the first and last name of the candidate. A committee address may be the home address of the candidate or treasurer of the committee.

(b) The name, street address, and if available, the telephone number of the treasurer or other individual designated as responsible for the committee's record keeping, report preparation, or report filing.

(c) The name and address of the financial institution in which the official committee depository is or is intended to be located, and the name and address of each financial institution in which a secondary depository is or is intended to be located.

(d) The full name of the office being sought by, including district number or jurisdiction, and the county residence of each candidate supported or opposed by the committee.

(e) A brief statement identifying the substance of each ballot question supported or opposed by the committee. If the ballot question supported or opposed by the committee is not statewide, the committee shall identify the county in which the greatest number of registered voters eligible to vote on the ballot question reside.

(f) Identification of the committee as a candidate committee, political party committee, independent committee, political committee, or ballot question committee if it is identifiable as such a committee.

(3) An independent committee or political committee shall include in the name of the committee the name of the person or persons that sponsor the committee, if any, or with whom the committee is affiliated. A person, other than an individual or a committee, sponsors or is affiliated with an independent committee or political committee if that person establishes, directs, controls, or financially supports the administration of the committee. For the purposes of this subsection, a person does not financially support the administration of a committee by merely making a contribution to the committee.

(4) If any of the information required in a statement of organization is changed, the committee shall file an amendment when the next campaign statement is required to be filed. An independent committee or political committee whose name does not include the name of the person or persons that sponsor the committee or with whom the committee is affiliated as required by subsection (3) shall file an amendment to the committee's statement of organization not later than the date the next campaign statement is required to be filed after the effective date of the amendatory act that added this sentence.

(5) When filing a statement of organization, a committee, other than an independent committee, a political committee, or a political party committee, may indicate in a written statement signed by the treasurer of the committee that the committee does not expect for each election to receive an amount in excess of \$1,000.00 or expend an amount in excess of \$1,000.00.

(6) When filing a statement of organization, an independent committee, a political committee, or a political party committee may indicate in a written statement signed by the treasurer of the committee that the committee does not expect in a calendar year to receive or expend an amount in excess of \$1,000.00.

(7) Upon the dissolution of a committee, the committee shall file a statement indicating dissolution with the filing officials with whom the committee's statement of organization was filed. Dissolution of a committee shall be accomplished pursuant to rules promulgated by the secretary of state under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(8) A candidate committee that files a written statement pursuant to subsection (5) shall not be required to file a dissolution statement pursuant to subsection (7) if the committee failed to receive or expend an amount in excess of \$1,000.00 and 1 of the following applies:

- (a) The candidate was defeated in an election and has no outstanding campaign debts or assets.
- (b) The candidate vacates an elective office and has no outstanding campaign debts or assets.

Sec. 26. (1) A campaign statement of a committee, other than a political party committee, required by this act shall contain all of the following information:

(a) The filing committee's name, address, and telephone number, and the full name, residential and business addresses, and telephone numbers of the committee treasurer or other individual designated as responsible for the committee's record keeping, report preparation, or report filing.

(b) Under the heading "receipts", the total amount of contributions received during the period covered by the campaign statement; under the heading "expenditures", the total amount of expenditures made during the period covered by the campaign statement; and the cumulative amount of those totals. Forgiveness of a loan shall not be included in the totals. Payment of a loan by a third party shall be recorded and reported as an in-kind contribution by the third party. In-kind contributions or expenditures shall be listed at fair market value and shall be reported as both contributions and expenditures. A contribution or expenditure that is by other than completed and accepted payment, gift, or other transfer, that is clearly not legally enforceable, and that is expressly withdrawn or rejected and returned before a campaign statement closing date need not be included in the campaign statement and if included may, in a later or amended statement, be shown as a deduction, but the committee shall keep adequate records of each instance.

(c) The balance of cash on hand at the beginning and the end of the period covered by the campaign statement.

(d) The following information regarding each fund-raising event shall be included in the report:

(i) The type of event, date held, address and name, if any, of the place where the activity was held, and approximate number of individuals participating or in attendance.

(ii) The total amount of all contributions.

(iii) The gross receipts of the fund-raising event.

(iv) The expenditures incident to the event.

(e) The full name of each individual from whom contributions are received during the period covered by the campaign statement, together with the individual's street address, the amount contributed, the date on which each contribution was received, and the cumulative amount contributed by that individual. The occupation, employer, and principal place of business shall be stated if the individual's cumulative contributions are more than \$100.00.

(f) The cumulative amount contributed and the name and address of each individual, except those individuals reported under subdivision (e), who contributed to the committee. The occupation, employer, and principal place of business, shall be stated for each individual who contributed more than \$100.00.

(g) The name and street address of each person, other than an individual, from whom contributions are received during the period covered by the campaign statement, together with an itemization of the amounts contributed, the date on which each contribution was received, and the cumulative amount contributed by that person.

(h) The name, address, and amount given by an individual who contributed to the total amount contributed by a person who is other than a committee or an individual. The occupation, employer, and principal place of business shall be stated if the individual contributed more than \$100.00 of the total amount contributed by a person who is other than a committee or an individual.

(i) The cumulative total of expenditures of \$50.00 or less made during the period covered by the campaign statement except for expenditures made to or on behalf of another committee, candidate, or ballot question.

(j) The full name and street address of each person to whom expenditures totaling more than \$50.00 were made, together with the amount of each separate expenditure to each person during the period covered by the campaign statement; the purpose of the expenditure; the full name and street address of the person providing the consideration for which any expenditure was made if different from the payee; the itemization regardless of amount of each expenditure made to or on behalf of another committee, candidate, or ballot question; and the cumulative amount of expenditures for or against that candidate or ballot question for an election cycle. An expenditure made in support of more than 1 candidate or ballot question, or both, shall be apportioned reasonably among the candidates or ballot questions, or both.

(2) A candidate committee or ballot question committee shall report all cumulative amounts required by this section on a per election cycle basis. Except for subsection (1)(j), an independent committee or political committee shall report all cumulative amounts required by this section on a calendar year basis.

(3) A campaign statement of a committee, in addition to the other information required by this section, shall include an itemized list of all expenditures during the reporting period for election day busing of electors to the polls, get-out-the-vote activities, slate cards, challengers, poll watchers, and poll workers.

Sec. 28. (1) Interest received by a committee on an account consisting of funds belonging to the committee shall not be considered a contribution to the committee but the committee shall report its receipt on a campaign statement as interest. A committee shall report interest paid by the committee on a campaign statement as an expenditure.

(2) A committee shall report a loan with an outstanding balance made or received in a separate schedule attached to the campaign statement providing the date and amount of the loan, the date and amount of each payment, the amount of cumulative payments, the amount of the outstanding balance, and whether the loan payments were made by money, services, property, or other means. The committee shall provide the name and address of the lender and each person who is liable directly, indirectly, or contingently on each loan. The committee shall provide the occupation and employer, if any, of the lender and each person if the loan is for more than \$100.00. If a loan is paid off within a reporting period, this activity need not be reported on a separate schedule to the campaign statement. However, if a loan is forgiven, the committee shall detail that fact on a separate schedule to the campaign statement.

(3) Accompanying a campaign statement reporting the receipt of a contribution from a person whose treasurer does not reside in, whose principal office is not located in, or whose funds are not kept in this state, shall be a statement certified as true and correct by an officer of the contributing person setting forth the full name, address, along with the amount contributed, of each person who contributed to the total amount of the contribution. The occupation, employer,

and principal place of business shall be stated for each person who contributed more than \$100.00. This subsection does not apply if the contributing person is registered as a committee under section 24.

Sec. 29. (1) A campaign statement filed by a political party committee shall contain all of the following information:

(a) The full name of each person from whom contributions are received in a calendar year, the amount, and the date or dates contributed; and, if the person is a committee, the name and address of the committee and the full name of the committee treasurer, together with the amount of the contribution and the date received. The occupation, employer, and principal place of business, if any, shall be listed for each person from whom contributions totaling more than \$100.00 are received in a calendar year.

(b) Accompanying a campaign statement reporting the receipt of a contribution from a committee or person whose treasurer does not reside in, whose principal office is not located in, or whose funds are not kept in this state, and whose committee has not filed a statement of organization as required in section 24, shall be a statement setting forth the full name and address of the treasurer of the committee.

(c) An itemized list of all expenditures, including in-kind contributions and expenditures and loans, made during the period covered by the campaign statement that were contributions to a candidate committee of a candidate for elective office or a ballot question committee; or independent expenditures in support of the qualification, passage, or defeat of a ballot question or in support of the nomination or election of a candidate for elective office or the defeat of any of the candidate's opponents.

(d) The total expenditure by the committee for each candidate for elective office or ballot question in whose behalf an independent expenditure was made or a contribution was given for the election cycle.

(e) The filer's name, address, and telephone number, if available, if any, and the full name, address, and telephone number, if available, of the committee treasurer.

(2) The committee shall identify an expenditure listed under subsection (1)(c) as an independent expenditure or as a contribution to a candidate committee or a ballot question committee.

(3) The committee shall designate for a contribution to or on behalf of a candidate committee or ballot question committee listed under subsection (1)(c) the name and address of the committee, the name of the candidate and the office sought, if any, the amount contributed, and the date of contribution.

(4) The committee shall designate for an independent expenditure listed under subsection (1)(c) either the name of the candidate for whose benefit the expenditure was made and the office sought by the candidate, or a brief description of the ballot question for which the expenditure was made; the amount, date, and purpose of the expenditure; and the full name and address of the person to whom the expenditure was made.

(5) The committee shall apportion an expenditure listed that was made in support of more than 1 candidate or ballot question, or both, reasonably among the candidates or ballot questions, or both.

(6) A campaign statement of a committee, in addition to the other information required by this section, shall include an itemized list of all expenditures during the reporting period for election day busing of electors to the polls, get-out-the-vote activities, slate cards, challengers, poll watchers, and poll workers.

Sec. 41. (1) A person shall not make or accept a single contribution of more than \$20.00 in cash or make or accept a single expenditure of more than \$50.00 in cash. Contributions of more than \$20.00 and expenditures of more than \$50.00, other than an in-kind contribution or expenditure, shall be made by written instrument containing the names of the payor and the payee.

(2) A person shall not accept or expend an anonymous contribution. An anonymous contribution received by a person shall not be deposited but shall be given to a tax exempt charitable organization. The charitable organization receiving the contribution shall provide the person with a receipt. The receipt shall be retained by an appropriate committee pursuant to section 22.

(3) A contribution shall not be made, directly or indirectly, by any person in a name other than the name by which that person is identified for legal purposes.

(4) A person who knowingly violates this section is guilty of a misdemeanor punishable, if the person is an individual, by a fine of not more than \$1,000.00 or imprisonment for not more than 90 days, or both, or, if the person is other than an individual, by a fine of not more than \$10,000.00.

Sec. 42. (1) A person who accepts a contribution, other than by written instrument, on behalf of another and acts as the intermediary or agent of the person from whom the contribution was accepted shall disclose to the recipient of the

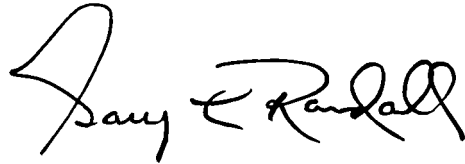
contribution the intermediary's own name and address and the name and address of the actual source of the contribution.

(2) A contribution from a person whose treasurer does not reside in, whose principal office is not located in, or whose funds are not kept in this state, shall not be accepted by a person for purposes of supporting or opposing candidates for elective office or the qualification, passage, or defeat of a ballot question unless accompanied by a statement certified as true and correct by an officer of the contributing person setting forth the full name and address along with the amount contributed, of each person who contributed to the total amount of the contribution. The occupation, employer, and principal place of business shall be listed for each person who contributed more than \$100.00 to the total amount of the contribution. The certified statement shall also state that the contribution was not made from an account containing funds prohibited by section 54. This subsection does not apply if the contributing person is registered as a committee under section 24.

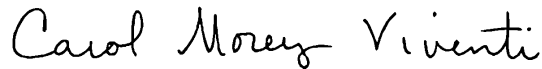
(3) A person shall not receive a contribution from a person other than a committee unless for purposes of the recipient person's record keeping and reporting requirements, the contribution is accompanied by the name and address of each person who contributed to the total amount of the contribution, and the name, address, occupation, employer, and principal place of business of each person who contributed more than \$100.00 to the total amount of the contribution.

(4) A person who knowingly violates this section is guilty of a misdemeanor punishable, if the person is an individual, by a fine of not more than \$1,000.00, or imprisonment for not more than 90 days, or both, or, if the person is other than an individual, by a fine of not more than \$10,000.00.

Enacting section 1. Section 25a of the Michigan campaign finance act, 1976 PA 388, MCL 169.225a, is repealed.



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Clerk of the House of Representatives.



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Secretary of the Senate.

Approved .....

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Governor.