

SENATE BILL No. 1216

April 20, 2006, Introduced by Senators SCHAUER, BASHAM, WHITMER, CHERRY, JACOBS, OLSHOVE, BARCIA and BRATER and referred to the Committee on Government Operations.

A bill to regulate political activity; to regulate certain candidates and state officials; to require certain financial statements and reports; to prescribe the powers and duties of certain state and local governmental 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 "public financial disclosure law".

3 Sec. 2. As used in this act:

4 (a) "Broker" means that term as defined in section 3 of
5 title I of the securities and exchange act of 1934, 15 USC
6 78c(a)(4).

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

3 (c) "Candidate for state office" means a candidate for any
4 of the following offices:

5 (i) Governor.

6 (ii) Lieutenant governor.

7 (iii) Secretary of state.

8 (iv) Attorney general.

9 (v) State senator.

10 (vi) State representative.

11 (vii) Member of the state board of education.

12 (viii) Justice of the supreme court or judge of a court of
13 record.

14 (ix) Regent of the university of Michigan, member of the
15 board of trustees of Michigan state university, or member of the
16 board of governors of Wayne state university.

17 (d) "Charitable organization" means that term as defined
18 under section 2 of the charitable organizations and
19 solicitations act, 1975 PA 169, MCL 400.272.

20 (e) "Gift" means that term as defined in section 4 of 1978
21 PA 472, MCL 4.414, with the threshold value adjusted as provided
22 in section 19a of 1978 PA 472, MCL 4.429a.

23 (f) "Immediate family member" means a child residing in the
24 individual's household, a spouse of the individual, or a person
25 claimed by the individual or the individual's spouse as a
26 dependent for federal income tax purposes.

27 (g) "Income" means money or any thing of value received, or

1 to be received as a claim on future services, whether in the
2 form of a fee, salary, expense, allowance, forbearance,
3 forgiveness, interest, dividend, royalty, rent, capital gain, or
4 other form of recompense that is considered income under the
5 internal revenue code, 26 USC 1 to 1789.

6 (h) "Interested party" means an individual required to file
7 a report under this act or an immediate family member of the
8 individual.

9 (i) "Investment advisor" includes a person generally
10 involved as an investment advisor in the management or control
11 of trusts.

12 (j) "Principal residence" means that term as defined under
13 section 7dd of the general property tax act, 1893 PA 206, MCL
14 211.7dd.

15 (k) "Qualified blind trust" means either of the following:

16 (i) A trust as to which an interested party has a beneficial
17 interest in the principal or income, and that meets all of the
18 following requirements:

19 (A) The trustee of the trust and any other entity designated
20 in the trust instrument to perform fiduciary duties is a
21 financial institution, an attorney at law, a certified public
22 accountant, a broker, or an investment advisor who is
23 independent of and not associated with an interested party so
24 that the trustee or other person cannot be controlled or
25 influenced in the administration of the trust by an interested
26 party, is not and has not been an employee of or affiliated with
27 an interested party, is not a partner of or involved in a joint

1 venture or other investment with an interested party, and is not
2 a relative of an interested party.

3 (B) Each officer or employee of a trustee or other entity
4 who is involved in the management or control of the trust is
5 independent of and not associated with any interested party so
6 that the officer or employee cannot be controlled or influenced
7 in the administration of the trust by an interested party, is
8 not a partner of or involved in a joint venture or other
9 investment with an interested party, and is not a relative of an
10 interested party.

11 (C) Each asset transferred to the trust by an interested
12 party is free of any restriction with respect to its transfer or
13 sale.

14 (D) The instrument that created the trust provides for all
15 of the following:

16 (I) Except as provided in (III), the trustee, in exercising
17 his or her authority and discretion to manage and control the
18 assets of the trust, shall not consult or notify an interested
19 party.

20 (II) The trust shall not contain an asset that an interested
21 party is prohibited by law or regulation from holding.

22 (III) The trustee shall promptly notify the individual
23 required to file a report under this act and the secretary of
24 state when an asset transferred to the trust by an interested
25 party is disposed of and when the value of such an asset becomes
26 less than \$1,000.00.

27 (IV) The trust tax return shall be prepared by the trustee

1 or a designee of the trustee and the return and any information
2 relating to the return, other than the trust income summarized
3 in appropriate categories necessary to complete the interested
4 party's tax return, shall not be disclosed to an interested
5 party.

6 (V) An interested party shall not receive a report on the
7 holdings and sources of income of the trust, except a report at
8 the end of each calendar quarter with respect to the total
9 cash value of the interest of the interested party in the trust
10 or the net income or loss of the trust and a report necessary to
11 enable the interested party to complete an individual tax return
12 required by law or to provide the information required by
13 section 4(1)(b), and that an allowed report shall not identify
14 any specific asset or holding of the trust.

15 (VI) Except for a communication that solely consists of a
16 request for distribution of cash or other unspecified assets of
17 the trust, there shall be no direct or indirect communication
18 between the trustee and an interested party with respect to the
19 trust unless the communication is in writing and relates only to
20 the general financial interest and needs of the interested
21 party, including, but not limited to, an interest in maximizing
22 income or long-term capital gain; the notification of the
23 trustee of a law or regulation subsequently applicable to the
24 individual required to file a report under this act that
25 prohibits the interested party from holding an asset, which
26 notification directs that the asset not be held by the trust; or
27 directions to the trustee to sell all of an asset initially

1 placed in the trust by an interested party that in the
2 determination of the individual required to file a report under
3 this act creates a conflict of interest or the appearance of a
4 conflict of interest due to the subsequent assumption of duties
5 by the individual. This provision does not require any
6 communication between an interested party and a trustee.

7 (VII) An interested party shall not attempt to obtain
8 information with respect to the holdings of the trust,
9 including, but not limited to, obtaining a copy of a trust tax
10 return or any information relating to the tax return, except as
11 authorized in this sub-subparagraph.

12 (ii) A trust that is not a blind trust under subparagraph (i)
13 if all of the following apply:

14 (A) The instrument that created the trust is amended to
15 satisfy the definition of a qualified blind trust under
16 subparagraph (i), or if the instrument does not permit
17 amendments, the trustee, the individual required to file a
18 report under section 3, and every other interested party agree
19 in writing that the trust shall be administered in accordance
20 with the requirements for a qualified blind trust under
21 subparagraph (i) and the trustee of the trust meets the
22 requirements of subparagraph (i) (A). A parent or guardian of an
23 interested party who is a dependent child may execute an
24 agreement under this subparagraph on behalf of the child.

25 (B) A copy of the instrument that created the trust,
26 excluding testamentary provisions, a copy of an agreement under
27 subparagraph (i), and a list of the assets held by the trust at

1 the time of qualification as a qualified blind trust, including
2 the category of value of each asset as determined under section
3 4(3), are filed with the secretary of state.

4 (l) "Secretary of state" means the secretary of state or the
5 designee of the secretary of state.

6 (m) "State official" means a holder of an office listed in
7 subdivision (c).

8 Sec. 3. (1) An individual who was a state official any time
9 during a calendar year shall file with the secretary of state by
10 May 1 of the following year a report that meets the requirements
11 of section 4. This subsection does not apply if the individual
12 was a state official only on the first day of the calendar year.

13 (2) An individual who is a candidate for state office and
14 has not already filed a report under subsection (1) covering the
15 preceding calendar year shall file with the secretary of state a
16 report that meets the requirements of section 4 within 30 days
17 after the earliest of the following dates, but not later than 11
18 days before the first election at which the individual's name
19 appears on the ballot as a candidate following that date:

20 (a) If the individual files a fee, affidavit of incumbency,
21 or nominating petition for the state office, the deadline for
22 filing the fee, affidavit of incumbency, or nominating petition
23 established by the Michigan election law, 1954 PA 116, MCL 168.1
24 to 168.992.

25 (b) If the individual is nominated at a political party
26 caucus or convention, the deadline for holding the caucus or
27 convention established by the Michigan election law, 1954 PA

1 116, MCL 168.1 to 168.992.

2 (c) The date on which the individual first receives a
3 contribution, makes an expenditure, or gives consent for another
4 person to receive a contribution or make an expenditure with a
5 view to bringing about the individual's nomination or election
6 to a state office.

7 (d) The date on which the individual forms a candidate
8 committee as a candidate for state office under section 21 of
9 the Michigan campaign finance act, 1976 PA 388, MCL 169.221.

10 (3) An individual who is a candidate for the office of
11 governor shall file with the secretary of state on June 15 of
12 the year in which the election for the office of governor will
13 be held a copy of the individual's federal tax returns for the 3
14 preceding calendar years. A social security number on a tax
15 return filed under this subsection may be redacted.

16 Sec. 4. (1) Except as provided in section 5, a report
17 required by section 3 shall include a complete statement of all
18 of the following:

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

21 (b) Both of the following, as applicable:

22 (i) Each source, type, and amount or value of income received
23 during the preceding calendar year aggregating \$200.00 or more
24 in value, excluding both of the following:

25 (A) Income from the individual's position as a state
26 officer.

27 (B) Income described in subdivision (d).

1 (ii) Each source of income earned by a spouse of the
2 individual during the preceding calendar year aggregating
3 \$1,000.00 or more in value. If the spouse is self-employed in
4 business or a profession, only the nature of the business or
5 profession is required to be reported under this subparagraph.

6 (c) Both of the following, as applicable:

7 (i) Each source, recipient, date, and amount of a payment
8 made to a charitable organization in lieu of honoraria payable
9 to the individual during the preceding calendar year.

10 (ii) The source and amount of any honoraria received by the
11 spouse of the individual during the preceding calendar year.

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

13 (i) Each source of dividend, rent, interest, and capital
14 gains income in an amount or with a value of \$200.00 or more
15 received by the individual during the preceding calendar year,
16 and the type and category of value of the income.

17 (ii) Each source of dividend, rent, interest, and capital
18 gains income in an amount or with a value of \$200.00 or more
19 received by an immediate family member of the individual during
20 the preceding calendar year and the type and category of value
21 of the income.

22 (e) The source, a brief description, and the value of each
23 gift received by the individual or an immediate family member of
24 the individual during the previous calendar year. A gift
25 received when the individual was not a state officer need not be
26 reported under this subdivision.

27 (f) Subject to subsection (4), both of the following, as

1 applicable:

2 (i) The identity and category of value of any interest in
3 property held by the individual during the preceding calendar
4 year in a trade or business, or for investment or the production
5 of income, with a fair market value of \$1,000.00 or more as of
6 December 31 of the preceding calendar year, excluding both of
7 the following:

8 (A) A personal liability owed to the individual by a spouse
9 or by a parent, brother, sister, or child of the individual or
10 of the individual's spouse.

11 (B) A deposit of the individual in a personal savings
12 account aggregating \$5,000.00 or less. As used in this sub-
13 subparagraph, "personal savings account" includes a certificate
14 of deposit or any other form of deposit with a bank, savings and
15 loan association, credit union, or similar financial
16 institution.

17 (ii) The identity and category of value of any interest in
18 property held by an immediate family member of the individual
19 during the preceding calendar year in a trade or business, or
20 for investment or the production of income, with a fair market
21 value of \$1,000.00 or more as of December 31 of the preceding
22 calendar year. The following interests in property are not
23 required to be reported under this subparagraph:

24 (A) A personal liability owed to the immediate family member
25 by a spouse or by a parent, brother, sister, or child of the
26 immediate family member or of the immediate family member's
27 spouse.

1 (B) A deposit of the immediate family member in a personal
2 savings account aggregating \$5,000.00 or less.

3 (C) An interest as to which the individual certifies that
4 all of the following are true:

5 (I) The interest of the immediate family member is the sole
6 financial interest or responsibility of the immediate family
7 member.

8 (II) The interest was and is not in any way derived from the
9 income, assets, or activities of the individual.

10 (III) The individual neither derives nor expects to derive
11 any financial or economic benefit from the interest.

12 (IV) Other than as stated in this sub-subparagraph, the
13 individual has no knowledge of the interest.

14 (g) Both of the following, as applicable:

15 (i) The identity and category of value of the total
16 liabilities owed by the individual to a creditor other than a
17 spouse or a parent, brother, sister, or child of the individual
18 or of the individual's spouse if the liabilities totaled
19 \$10,000.00 or more at any time during the preceding calendar
20 year. The following liabilities are not required to be reported
21 under this subparagraph:

22 (A) A mortgage secured by real property that is the
23 principal residence of the individual or the individual's
24 spouse.

25 (B) A loan secured by a personal motor vehicle, household
26 furniture, or appliance that does not exceed the purchase price
27 of the security.

1 (C) A revolving charge account with an outstanding liability
2 of less than \$10,000.00 at the end of the preceding calendar
3 year.

4 (ii) The identity and category of value of the total
5 liabilities owed by an immediate family member of the individual
6 to a creditor other than a spouse or a parent, brother, sister,
7 or child of the immediate family member or of the immediate
8 family member's spouse, if the liabilities totaled \$10,000.00 or
9 more at any time during the preceding calendar year. The
10 following liabilities are not required to be reported under this
11 subparagraph:

12 (A) A mortgage secured by real property that is the
13 principal residence of the immediate family member or the
14 immediate family member's spouse.

15 (B) A loan secured by a personal motor vehicle, household
16 furniture, or appliance that does not exceed the purchase price
17 of the security.

18 (C) A revolving charge account with an outstanding liability
19 of less than \$10,000.00 at the end of the preceding calendar
20 year.

21 (D) A liability as to which the individual certifies that
22 all of the following are true:

23 (I) The liability of the immediate family member is the sole
24 financial interest or responsibility of the immediate family
25 member.

26 (II) The liability was and is not in any way derived from
27 the income, assets, or activities of the individual.

1 (III) The individual neither derives nor expects to derive
2 any financial or economic benefit from the liability.

3 (IV) Other than as stated in this sub-subparagraph, the
4 individual has no knowledge of the liability.

5 (h) Both of the following as applicable:

6 (i) A brief description, the date, and the category of value
7 of any purchase, sale, or exchange by the individual of real
8 property, other than property used solely as a principal
9 residence, with a value of \$1,000.00 or more during the
10 preceding calendar year. This subparagraph does not require the
11 reporting of a transaction that is solely between the individual
12 and his or her spouse or dependent children.

13 (ii) A brief description, the date, and the category of value
14 of any purchase, sale, or exchange by an immediate family member
15 of the individual of real property, other than property used
16 solely as a principal residence, with a value of \$1,000.00 or
17 more during the preceding calendar year. This subparagraph does
18 not require the reporting of the following transactions:

19 (A) A transaction that is solely between the immediate
20 family member and his or her spouse or dependent children.

21 (B) A transaction as to which the individual certifies that
22 all of the following are true:

23 (I) The property interest of the immediate family member is
24 the sole financial interest or responsibility of the immediate
25 family member.

26 (II) The property interest was and is not in any way derived
27 from the income, assets, or activities of the individual.

1 (III) The individual neither derives nor expects to derive
2 any financial or economic benefit from the property interest.

3 (IV) Other than as stated in this sub-subparagraph, the
4 individual has no knowledge of the property interest.

5 (i) A brief description, the date, and the category of value
6 of any purchase, sale, or exchange of stocks, bonds, commodities
7 futures, or other form of securities of \$1,000.00 or more during
8 the preceding calendar year. This subdivision does not require
9 the reporting of a transaction that is solely between the
10 reporting individual and his or her spouse or dependent
11 children.

12 (j) The identity of all positions held by the individual as
13 an officer, director, member, trustee, partner, proprietor,
14 representative, employee, or consultant of a corporation,
15 limited liability company, partnership, limited partnership,
16 limited liability partnership, or other business enterprise,
17 nonprofit organization, labor organization, or educational or
18 other institution other than the United States held during the
19 preceding calendar year, or, for the first report filed by an
20 individual, during the 2 preceding calendar years, or held on or
21 before the date of filing during the current calendar year. This
22 subdivision does not require the reporting of a position held in
23 a religious, social, fraternal, or political entity or a
24 position that is solely honorary.

25 (k) If the report is the individual's first report under
26 this act and if a person, other than this state, paid the
27 individual compensation of \$5,000.00 or more in either of the 2

1 preceding calendar years, all of the following:

2 (i) Each source of the compensation.

3 (ii) A brief description of the nature of the duties
4 performed or services rendered by the individual for each source
5 of compensation. This subparagraph does not require the
6 reporting of information that is confidential as a result of a
7 privileged relationship, established by law, between the
8 individual and another person. This subparagraph also does not
9 require the reporting of information with respect to a person
10 for whom services were provided by a firm or association of
11 which the individual was a member, partner, or employee unless
12 the individual was directly involved in providing the services.

13 (l) The date of, parties to, and a description of the terms
14 of any agreement or arrangement with respect to any of the
15 following:

16 (i) Future employment of the individual by a person other
17 than this state.

18 (ii) A leave of absence during the individual's term of
19 office.

20 (iii) Continuation of payments by a former employer other than
21 this state.

22 (iv) Continued participation in an employee welfare plan
23 maintained by a former employer other than this state.

24 (m) The category of value of the total interest of the
25 individual in a qualified blind trust.

26 (2) Except as provided in subsections (5) and (6), an amount
27 or value reported under subsection (1)(d) shall be reported by

1 category as follows:

2 (i) \$1,000.00 or less.

3 (ii) More than \$1,000.00 but not more than \$2,500.00.

4 (iii) More than \$2,500.00 but not more than \$5,000.00.

5 (iv) More than \$5,000.00 but not more than \$15,000.00.

6 (v) More than \$15,000.00 but not more than \$50,000.00.

7 (vi) More than \$50,000.00 but not more than \$100,000.00.

8 (vii) More than \$100,000.00 but not more than \$1,000,000.00.

9 (viii) More than \$1,000,000.00 but not more than

10 \$5,000,000.00.

11 (ix) More than \$5,000,000.00.

12 (3) Except as provided in subsections (4), (5), and (6) an

13 amount or value reported under subsections (1)(f), (g), (h),

14 (i), and (m) shall be reported by category as follows:

15 (i) \$15,000.00 or less.

16 (ii) More than \$15,000.00 but not more than \$50,000.00.

17 (iii) More than \$50,000.00 but not more than \$100,000.00.

18 (iv) More than \$100,000.00 but not more than \$250,000.00.

19 (v) More than \$250,000.00 but not more than \$500,000.00.

20 (vi) More than \$500,000.00 but not more than \$1,000,000.00.

21 (vii) More than \$1,000,000.00 but not more than \$5,000,000.00.

22 (viii) More than \$5,000,000.00 but not more than

23 \$25,000,000.00.

24 (ix) More than \$25,000,000.00 but not more than

25 \$50,000,000.00.

26 (x) More than \$50,000,000.00.

27 (4) For purposes of subsection (1)(f), if the current value

1 of an interest in real property or an interest in a real estate
2 partnership is not ascertainable without an appraisal, an
3 individual may report either the date of purchase and the
4 purchase price of the interest in real property or the state
5 equalized value of the real property. If the current value of
6 any other item required to be reported under subsection (1)(f)
7 is not ascertainable without an appraisal, the individual may
8 list the book value of a corporation whose stock is not publicly
9 traded, the net worth of a business partnership, the equity
10 value of an individually owned business, or, with respect to
11 other holdings, any recognized indication of value. If an
12 individual reports a value in a manner allowed by this
13 subsection, the individual shall include in the report a full
14 and complete description of the method used to determine the
15 value instead of specifying a category of value under subsection
16 (3).

17 (5) If income, an asset, or liability of an immediate family
18 member of a reporting individual that is required to be reported
19 under this section has an amount or value greater than
20 \$1,000,000.00, the categories under subsections (2) and (3) for
21 amounts or values greater than \$1,000,000.00 need not be used.
22 The income, assets, and liabilities need only be categorized as
23 having an amount or value greater than \$1,000,000.00. This
24 subsection does not apply to income, assets, or liabilities that
25 are held jointly with the reporting individual.

26 (6) Instead of specifying the category of the amount or
27 value of an item in a report under this section, an individual

1 may indicate the exact amount or value of the item.

2 (7) Information required to be reported under this section
3 shall include information with respect to the holdings of and
4 the income from a trust or other financial arrangement from
5 which income is received by, or with respect to which a
6 beneficial interest in principal or income is held by, an
7 individual required to file a report under this section or an
8 immediate family member of the individual.

9 Sec. 5. A report under section 4 may omit any of the
10 following:

11 (a) Information required to be reported under the Michigan
12 campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

13 (b) An item that concerns a spouse who is living separately
14 and apart from the reporting individual with the intention of
15 terminating the marriage or maintaining a legal separation.

16 (c) An item that concerns income or obligations of the
17 reporting individual arising from dissolution of the
18 individual's marriage or a permanent legal separation from the
19 individual's spouse.

20 (d) The holdings of or the source of income from the
21 holdings of a qualified blind trust.

22 (e) The holdings of or the source of income from the
23 holdings of a trust that was not created directly by the
24 reporting individual or an immediate family member of the
25 individual, if the individual and the individual's immediate
26 family member have no knowledge of the holdings or source of
27 income.

1 (f) Financial interests held by a widely held investment
2 fund, whether the investment fund is a mutual fund, regulated
3 investment company, pension or deferred compensation plan, or
4 other investment fund, if both of the following apply:

5 (i) The investment fund is publicly traded or the assets of
6 the fund are widely diversified.

7 (ii) The reporting individual neither exercises control over
8 nor has the ability to exercise control over the financial
9 interests held by the investment fund.

10 (g) Financial interests in or income derived from a
11 retirement system under title 5 of the United States Code,
12 including, but not limited to, a thrift savings plan under 5 USC
13 8431 to 8440f, or a retirement system maintained by this state
14 for officers or employees of this state.

15 (h) Benefits received under the social security act, chapter
16 531, 49 Stat. 620.

17 Sec. 6. (1) An individual required to file a report under
18 section 3 shall file both of the following with the secretary of
19 state within 30 days after a qualified blind trust is
20 established:

21 (a) A copy of the executed instrument that created the
22 qualified blind trust, not including provisions that relate to
23 the testamentary disposition of the assets of the qualified
24 blind trust.

25 (b) A list of the assets that were transferred to the
26 qualified blind trust, including the category of value of each
27 asset as determined under section 4.

1 (2) An individual required to file a report under section 3
2 shall, within 30 days of transferring an asset other than cash
3 to a previously created qualified blind trust, notify the
4 secretary of state of the identity of each asset transferred and
5 the category of value of each asset as determined under section
6 4.

7 (3) Within 30 days of the dissolution of a qualified blind
8 trust, an individual required to file a report under section 3
9 shall file with the secretary of state a list of the assets of
10 the qualified blind trust at the time of the dissolution and the
11 category of value of each asset as determined under section 4.

12 (4) A trustee of a qualified blind trust shall not knowingly
13 and willfully, or negligently, do any of the following:

14 (a) Disclose to an interested party any information with
15 respect to the qualified blind trust that may not be disclosed
16 under this act.

17 (b) Acquire any asset the ownership of which is prohibited
18 by the instrument that created the qualified blind trust.

19 (c) Solicit advice from an interested party with respect to
20 the qualified blind trust if the solicitation is prohibited by
21 this act or the instrument that created the qualified blind
22 trust.

23 (d) Fail to file any information required to be filed by
24 this section.

25 (5) An individual required to file a report under section 3
26 shall not knowingly and willfully, or negligently, do any of the
27 following:

1 (a) Solicit or receive information with respect to a
2 qualified blind trust of which he or she is an interested party
3 that may not be disclosed under this act.

4 (b) Fail to file information required to be filed by this
5 section.

6 Sec. 7. The secretary of state shall do all of the
7 following:

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

10 (b) Receive reports and filings required by this act.

11 (c) Do both of the following with respect to a report or
12 filing required to be filed under this act:

13 (i) As soon as practicable, but not later than the end of the
14 business day on which the report or filing is received, make the
15 report or filing or all of the contents of the report available
16 without charge to the public on the internet at a single website
17 established and maintained by the secretary of state.

18 (ii) Not later than the third business day following the day
19 on which the report or filing is received, make the report or
20 filing available for public inspection and reproduction during
21 regular business hours.

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

25 (e) Conduct investigations as necessary to determine if
26 there is reason to believe a violation of this act occurred.
27 Investigations shall be conducted pursuant to the administrative

1 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

2 Sec. 8. (1) A citizen of this state may file a complaint
3 with the secretary of state alleging a violation of this act.
4 The secretary of state, upon receipt of a complaint under this
5 subsection, shall investigate the allegations as provided in
6 section 7.

7 (2) If the secretary of state believes a violation of this
8 act has occurred, the secretary of state shall initiate an
9 investigation of the potential violation.

10 (3) Unless the violation was by the attorney general, if the
11 secretary of state, upon investigation, determines that there is
12 reason to believe a violation of this act occurred, the
13 secretary of state shall forward the results of the
14 investigation to the attorney general for enforcement of this
15 act. If the secretary of state, upon investigation, determines
16 that there is reason to believe that the attorney general
17 violated this act, the secretary of state shall forward the
18 results of the investigation to the prosecuting attorney for
19 Ingham county for enforcement of this act.

20 (4) The attorney general or, if the attorney general is the
21 individual who is alleged to have violated this act, the
22 prosecuting attorney for Ingham county shall enforce this act
23 against an individual who violates this act.

24 Sec. 9. (1) An individual who fails to file a report as
25 required under this act shall pay a late filing fee not to
26 exceed \$10,000.00, determined as follows:

27 (a) Fifty dollars for each of the first 3 business days that

1 the report remains unfiled.

2 (b) One hundred dollars for each of the next 7 business days
3 after the first 3 business days that the report remains unfiled.

4 (c) Two hundred fifty dollars for each business day after
5 the first 10 business days that the report remains unfiled.

6 (2) An individual required to file a report under this act
7 who knowingly files an incomplete or inaccurate report is guilty
8 of a misdemeanor punishable by imprisonment for not more than 90
9 days or a fine of not more than \$1,000.00, or both.

10 (3) An individual required to file a report under this act
11 who fails to file 2 reports, if both of the reports remain
12 unfiled for more than 30 days, is guilty of a misdemeanor
13 punishable by imprisonment for not more than 90 days or a fine
14 of not more than \$1,000.00, or both.

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

19 Enacting section 1. This act takes effect June 1, 2006.