

HOUSE BILL NO. 5976

September 26, 2024, Introduced by Reps. McKinney, Morgan, Edwards, Dievendorf, Wegela, Byrnes, Arbit, Young, Coffia, Hope, Rheingans, Hood, MacDonell, Price, McFall and Aiyash and referred to the Committee on Elections.

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
(MCL 18.1101 to 18.1594) by adding section 264b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 264b. (1) Except as otherwise provided under subsections**
2 **(5) and (6), beginning 18 months after the effective date of the**
3 **amendatory act that added this section, the department or any other**
4 **state agency shall not enter into a contract if the principals to**
5 **the contract have, 18 months before the contract is signed, made a**

1 donation or contribution to any of the following groups:

2 (a) A candidate committee for statewide office, state
3 legislative office, or local government office.

4 (b) A state or local party committee.

5 (c) A 527 committee.

6 (d) A candidate affiliated 501(c)(4) committee.

7 (e) A contractor affiliated 501(c)(4) committee.

8 (2) Except as otherwise provided under subsections (5) and
9 (6), the department or any other state agency shall, in a contract
10 awarded to a contractor, include a provision that requires the
11 contractor to attest that the principals of the contract have not
12 made or will not make donations or contributions as described under
13 subsection (1) during the following periods:

14 (a) Eighteen months before the signing of the contract.

15 (b) During the term of the contract.

16 (c) Eighteen months after the end of the term or termination
17 of the contract.

18 (3) Subject to subsection (4), if this section is violated,
19 both of the following consequences apply:

20 (a) The contract is unenforceable and void.

21 (b) The violator is barred from future contracts with the
22 department or any other state agency for a period of 3 years from
23 the date of the violation.

24 (4) If a donation or contribution is returned to a principal
25 by either of the following time periods, the donation or
26 contribution is not considered a violation for purposes of
27 subsection (3):

28 (a) By the date of the proposal for the contract.

29 (b) Thirty days after the receipt of the donation or

1 contribution by the recipient committee treasurer.

2 (5) This section does not apply to any of the following
3 agreements or persons:

4 (a) Loans or loan guarantees.

5 (b) Subsidies or grants allocated through the state budget
6 process.

7 (c) Collective bargaining agreements.

8 (d) Agreements between public universities.

9 (e) Agreements between political subdivisions of this state,
10 including, but not limited to, agreements between counties and
11 municipalities and agreements between counties and municipalities
12 and this state.

13 (f) Contractors and prospective contractors who maintain less
14 than \$250,000.00 in aggregate contracts with this state.

15 (6) This section applies only to an agreement that takes
16 effect or is extended, renewed, or modified after the effective
17 date of the amendatory act that added this section.

18 (7) As used in this section:

19 (a) "Candidate affiliated 501(c)(4) committee" means a civic
20 league or organization claiming tax-exempt status under section
21 501(c)(4) of the internal revenue code of 1986, 26 USC 501, that is
22 established by, controlled by, or directed by, or employs or
23 contracts with any of the following:

24 (i) A candidate for state office.

25 (ii) A former or current elected or appointed state official.

26 (iii) Any employee, staff member, contract employee, or family
27 member of an elected or appointed state official or state
28 candidate.

29 (iv) A state or local party committee.

1 (b) "Contractor affiliated 501(c)(4) committee" means a civic
2 league or organization claiming tax-exempt status under section
3 501(c)(4) of the internal revenue code of 1986, 26 USC 501, that
4 receives at least 1/2 of its funding from a contractor, prospective
5 contractor, or contractor principal or that is established by,
6 controlled by, or directed by, or employs or contracts with any of
7 the following:

8 (i) The contractor or prospective contractor.

9 (ii) Any employee, director, staff member, contract employee,
10 or family member of a contractor or prospective contractor.

11 (c) "Family member" means any of the following:

12 (i) Spouse.

13 (ii) Ex-spouse.

14 (iii) Parent.

15 (iv) Stepparent.

16 (v) Grandparent.

17 (vi) Stepgrandparent.

18 (vii) Sibling.

19 (viii) Stepsibling.

20 (ix) Child.

21 (x) Stepchild.

22 (xi) Grandchild.

23 (xii) Stepgrandchild.

24 (xiii) Niece.

25 (xiv) Stepniece.

26 (xv) Nephew.

27 (xvi) Stepnephew.

28 (d) "527 committee" means a political organization claiming

1 tax-exempt status under section 527 of the internal revenue code of
2 1986, 26 USC 527.

3 (e) "Principal" means any of the following:

4 (i) The contractor or prospective contractor that executes the
5 contract described under subsection (1).

6 (ii) A chief executive officer or officer who possesses
7 comparable powers and duties to a chief executive officer of the
8 contractor or prospective contractor.

9 (iii) Any individual who meets either of the following criteria
10 with regard to the contractor or prospective contractor:

11 (A) Is a member of the board of directors.

12 (B) Has an ownership interest of 5% or more.

13 (iv) Employees who serve as president, vice president,
14 treasurer, or officer for the contractor or prospective contractor.

15 (v) Any employee of the contractor or prospective contractor
16 who has managerial or discretionary responsibilities related to
17 government affairs or government contracts.

18 (vi) Employees hired or contracted by the contractor or
19 prospective contractor, including, but not limited to, the
20 employees of lobbying firms contracted by the contractor or
21 prospective contractor.

22 (vii) The spouse or the dependent child of employees hired or
23 contracted by the contractor or prospective contractor.

24 (viii) Any subsidiaries directly or indirectly controlled by the
25 contractor or prospective contractor.

26 (ix) Political committees established or controlled by either
27 of the following:

28 (A) A contracting entity that contracts with the contractor or
29 prospective contractor.

1 (B) An individual described in subparagraphs (i) to (viii), (x),
2 or (xi).

3 (x) A person acting on behalf of an individual or entity
4 described in subparagraphs (i) to (ix) or (xi).

5 (xi) The spouse or a dependent child who is at least 18 years
6 of age of a person described in subparagraphs (i) to (x).