



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bills 1196 through 1198 (as introduced 12-5-24)

Sponsor: Senator Jeremy Moss (S.B. 1196)

Senator Ed McBroom (S.B. 1197)

Senator Sam Singh (S.B. 1198)

Committee: Oversight

Date Completed: 12-10-24

CONTENT

Senate Bill 1196 would amend the Public Officers Financial Disclosure Act to do the following:

- Require a public officer to report the occupation of the public officer's spouse and the name of the employer or employers of the spouse only if the spouse received at least \$1,000 in annual income.
- Specify that reporting requirements for unearned income and securities would have to include the origin and address of the sources and securities.
- Require a public officer to include the name of the lobbyist or lobbyist agent that made the gift payment, travel payment, or payment to a charity in lieu of Honoraria to the officer.
- Require the Department of State to make available the most recent reporting form by March 1, 2025.
- Require the Secretary of State (SOS) to accept statements and reports required to be filed with the SOS that were submitted via email as an alternative to the Act's electronic filing system.

Senate Bill 1197 would amend the Candidate for Office Financial Disclosure

- Modify the definition of "candidate for office" to specify that the term would mean that the candidate intended to appear on the ballot during the election cycle.
- Require a candidate for office to report the occupation of the candidate's spouse and the name of the employer or employers of the spouse only if the spouse received at least \$1,000 in annual income.
- Specify that reporting requirements for unearned income and securities would have to include the origin and address of the sources and securities.
- Require the Department of State to make available the most recent reporting form by March 1, 2025.
- Require the SOS to accept statements and reports required to be filed with the SOS that were submitted via email as an alternative to the Act's electronic filing system.

Senate Bill 1198 would amend the lobbyist registration Act to modify the definition of "gift" to specify that it would not include tickets to a charity event or admission to a conference or educational event connected to public business or the performance of governmental duties.

Senate Bills 1196 & 1197

Public Officer and Candidate for Office Reporting Requirements

The Public Officers Financial Disclosure Act and the Candidate for Office Financial Disclosure Act require a public officer and a candidate for office, respectively, to file an annual financial disclosure report with the Department of State, (see **BACKGROUND**).

"Public officer" means all the following:

- A State representative.
- A State senator.
- The Attorney General.
- The Governor.
- The Lieutenant Governor.
- The SOS.

"Candidate for office" means a candidate for any of those offices described above who is subject of the Michigan Campaign Finance Act and whose candidate committee received or spent more than \$1,000 during the election cycle. The bill would specify that the term would include that the candite intended to appear on the ballot during the election cycle.

Among other things, the report must include the name of the spouse of the public officer or candidate for office, the occupation of the public officer's or candidate's spouse, and the name of the employer or employers of the public officer's or candidate's spouse. Each bill would modify this requirement to specify that the public officer or candidate for office would have to report the occupation of the spouse and the name of the employer or employers of the spouse if the spouse received at least \$1,000 in annual income.

The Candidate for Office Financial Disclosure Act requires a candidate for office to report the name and address of his or her employer, and the positions held during the reporting period if the candidate received at least \$1,000 during the reporting period. The bill would specify that this provision would also apply if the candidate had multiple employers.

Additionally, the report must include a list of each of the public officer's or candidate for office's assets, excluding a business asset, held for investment or production of income with a fair market value of \$1,000 or more during the reporting period and any sources of unearned income that exceed \$200 during the reporting period. The report also would have to include a list of any stocks, bonds, or other forms of securities held by the public officer or candidate for office or held jointly with the public officer's or candidate for office's spouse during the reporting period, if the security has a total aggregate fair market value of \$1,000 or more. The Act specifies that these items must be adjusted at the rate of the Consumer Price Index every four years. The bill specifies that the officer or candidate would have to report the origin and address of the sources of unearned income and securities, respectively.

"Consumer Price Index" would mean the most comprehensive index of consumer prices available for the Detroit-Warren-Dearborn area from Bureau of Labor Statistics of the United States Department of Labor.

Senate Bill 1197 defines "gift" and "honoraria" the bill would delete these definitions.

Finally, a public officer must include in the report a list of all gifts and travel payments received and reported by a lobbyist or lobbyist agent under State law and a list of each payment by a

lobbyist or lobbyist agent to a charity in lieu of honoraria. The bill specifies that each list also would have to include the name of the lobbyist or lobbyist agent that made the payment.

Disclosure Form

The Acts require the Department of State to create a standard financial disclosure form for use by a public officer and a form for candidates for office and make the forms easily available on its website. The bill would require the Department to make the most current version of each form available on its website by March 15, 2025.

Email Submitted Reports

Among other things, the Acts require the SOS to make forms and instructions available and to create and operate an internet-accessible system to receive the statements and reports the Acts requires. Under the bill, the SOS also would have to accept statements and reports required to be filed with the SOS that were submitted via email as an acceptable alternative to the electronic filing system.

Senate Bill 1198

Under the lobbyist registration Act, "gift" means a payment, advance, forbearance, or the rendering or deposit of money, services, or anything of value, the value of which exceeds \$25, as adjusted by the Detroit CPI for inflation, in any one-month period, unless consideration of equal or greater value is received therefor. The term includes a payment, advance, forbearance, or the rendering or deposit of money, services, or anything of value to aid the defense of an official in the legislative branch or an official in the executive branch against a legal action not directly related to the governmental duties of the official.

The term does not include the following:

- A campaign contribution otherwise reported as required by the Michigan Campaign Finance Act.
- A loan made in the normal course of business by a bank, State agency, or State foreign bank branch, a national bank, a branch bank, an insurance company issuing a loan or receiving a mortgage in the normal course of business, a premium finance company, a mortgage company, a small loan company, a State or Federal credit union, a savings and loan association chartered by the State or the Federal government, or a person issued a license under the Motor Vehicle Sales Finance Act.
- A gift received from a member of the person's immediate family, a relative of a spouse, a relative within the seventh degree of consanguinity as computed by the civil law method, or from the spouse of the relative.
- A breakfast, luncheon, dinner, or other refreshment consisting of food and beverage provided for immediate consumption.
- A contribution to a legal defense fund that is registered with the secretary of state under the legal defense fund act and whose purpose is to defend an elected official against any criminal, civil, or administrative action, that arises directly out of the conduct of the elected official's governmental duties.

Under the bill, the term also would not include the following:

- A ticket or an offer of free or reduced-price attendance to a charity event that had the primary purpose of raising money for a 501(c)(3) nonprofit organization.
- Admission to a conference or educational event that was connected to a public business or performance of the governmental duties of a public office.

"Fair market value" would mean the value of an item or service that is available to any member of the public at the time the item or service is acquired. The value would have to be determined based on market prices for the item or service on the day the acquisition occurred. Price fluctuations of the item or service that occurred before or after the acquisition would not impact the fair market value determination. The bill specifies that a lobbyist would bear the burden of providing evidence of the fair market value of an item or service.

BACKGROUND

"Report" means the financial disclosure report under Section 10 of Article IV of the State Constitution. In March 2022, the Board of State Canvassers approved the form and summary of an initiative petition sponsored by a group called Voters for Transparency and Term Limits. Generally, the initiative petition sought to amend the Michigan Constitution to require members of the Legislature, the Governor, the SOS, and the Attorney General to file annual public financial disclosure reports and modify Michigan's term limits requirement to allow an individual to serve a total of 12 years in any combination between the Senate and the House. The organization would have had to collect over 425,000 signatures by July 11, 2022, to have the initiation petition placed on the November ballot; however, that threshold was not reached. Instead, the House and Senate adopted House Joint Resolution R during the 2021-2022 Legislative Session, which placed the initiative on the ballot as Proposal 22-1. The Proposal passed with 66.45% of the vote during the November general election.

MCL 15.703 et al. (S.B. 1196)
169.303 et al. (S.B. 1197)
4.413 & 4.414 (S.B. 1198)

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

Fiscal Analyst: Joe Carrasco, Jr.

SAS\S2324\s1196sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.