

SENATE BILL NO. 1197

December 05, 2024, Introduced by Senators MCBROOM, MOSS and SINGH and referred to the Committee on Oversight.

A bill to amend 2023 PA 282, entitled "Candidate for office financial disclosure act," by amending sections 3, 5, 7, 11, and 13 (MCL 169.303, 169.305, 169.307, 169.311, and 169.313).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

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

4 (b) "Candidate for office" means a candidate for any of the
5 following offices who is subject to the Michigan campaign finance

1 act, 1976 PA 388, MCL 169.201 to 169.282, ~~and~~ whose candidate
2 committee received or expended more than \$1,000.00 during the
3 election cycle, **and who intends to appear on the ballot during the**
4 **election cycle:**

5 (i) Governor.

6 (ii) Lieutenant governor.

7 (iii) Secretary of state.

8 (iv) Attorney general.

9 (v) State representative.

10 (vi) State senator.

11 (c) "Department" means the department of state.

12 (d) "Earned income" means salaries, wages, tips, bonuses,
13 commissions, or other compensation or earnings from employment
14 earned during the reporting period.

15 (e) "Form" means the financial disclosure form created by the
16 department in accordance with section 11.

17 ~~(f) "Gift" means that term as defined in section 7 of the~~
18 ~~Michigan campaign finance act, 1976 PA 388, MCL 169.207.~~

19 ~~(g) "Honorarium" means that term as defined in section 7 of~~
20 ~~the Michigan campaign finance act, 1976 PA 388, MCL 169.207.~~

21 **(f)** ~~(h)~~ "Liabilities" means what a person owes to another
22 person, including, but not limited to, mortgages or other debts.
23 For purposes of this act, a debt does not include a revolving debt,
24 an unsecured debt that is from a financial institution or the
25 federal government, or a debt owed by a business entity.

26 **(g)** ~~(i)~~ "Report" means the financial disclosure report
27 required under section 10 of article IV of the state constitution
28 of 1963.

29 **(h)** ~~(j)~~ "Reporting period" means the preceding calendar year.

1 *(i)* ~~*(k)*~~—"Spouse" means an individual who is lawfully married
2 to a candidate for office as described under 26 CFR 30.7701-18.

3 *(j)* ~~*(l)*~~—"Unearned income" means income that is not earned from
4 employment, including, but not limited to, financial prize,
5 unemployment benefits, annuities, stock dividends, deferred
6 compensation, pension, profit sharing, or retirement income.
7 Unearned income does not include inheritance money or a familial
8 gift.

9 Sec. 5. (1) A candidate for office shall file a financial
10 disclosure report with the department.

11 (2) Subject to subsection (4), the report required under this
12 section must first be filed by May 15, 2024, and by May 15 of each
13 year thereafter in which there is an election involving a candidate
14 for office, or if the candidate for office files a statement of
15 organization for that candidate's candidate committee after May 15
16 in order to be nominated by a political party at the political
17 party's nominating convention, the report required to be filed
18 under this subsection must be filed no later than 15 days after
19 that candidate files the statement of organization for that
20 candidate's candidate committee.

21 (3) If a candidate for office who is required to file a report
22 under this act receives notice from the secretary of state under
23 section ~~13(1)(g)~~, **13(1)(h)**, the candidate for office shall, ~~within~~
24 **not later than** 9 business days after receiving the notice, file
25 corrections to the errors or omissions or file the report, as
26 applicable.

27 (4) If a candidate for office is not elected, that candidate
28 for office is not required to file the report required under this
29 section for any year after the year in which the candidate for

1 office ran for that public office unless that candidate runs again
2 as a candidate for office.

3 Sec. 7. (1) A report required under section 5 must include a
4 complete statement of all of the following:

5 (a) The full name, mailing address, telephone number, and
6 email address of the candidate for office.

7 (b) The name and address of the employer **or employers** of the
8 candidate for office and the positions held during the reporting
9 period, if the candidate for office receives \$1,000.00 or more in
10 annual income from each position.

11 (c) The name of the spouse of the candidate for office ~~and,~~
12 **if the spouse receives \$1,000.00 or more in annual income,** the
13 occupation of the spouse of the candidate for office ~~and~~ the name
14 of the employer or employers of the candidate for office's spouse.

15 (d) Whether the spouse of the candidate for office was
16 registered as a lobbyist or lobbyist agent under 1978 PA 472, MCL
17 4.411 to 4.431, during the reporting period.

18 (e) A list of all positions currently held as an officer,
19 director, trustee, partner, proprietor, representative, employee,
20 or consultant of any organization, corporation, firm, partnership,
21 or other business enterprise, nonprofit organization, labor
22 organization, or educational or other institution other than this
23 state. If this subdivision applies, the candidate for office shall
24 include the name of the organization. For purposes of this
25 subdivision, positions held in any religious, social, fraternal, or
26 political entity, or positions that are solely of an honorary
27 nature, are excluded.

28 (f) The source of earned income received during the reporting
29 period by the candidate for office. For purposes of this

1 subdivision, the candidate for office must report each source of
2 income received during the reporting period that is \$1,000.00 or
3 more.

4 (g) Except as otherwise provided in this subdivision, a list
5 of each asset, excluding a business asset, held for investment or
6 production of income with a fair market value of \$1,000.00 or more
7 during the reporting period and any sources of unearned income that
8 exceed \$200.00 during the reporting period. **The candidate must**
9 **report the origin and address of each source of unearned income**
10 **required to be reported under this subdivision.** The fair market
11 value for the purpose of listing each asset, excluding a business
12 asset, held for investment or production of income under this
13 subdivision must be adjusted for inflation every 4 years using the
14 Detroit Consumer Price Index, and rounded up to the nearest
15 \$1,000.00.

16 (h) A list of all liabilities that exceed \$10,000.00 owed by
17 the candidate for office to a creditor at any time during the
18 reporting period.

19 (i) Except as otherwise provided in this subdivision, a list
20 of any stocks, bonds, or other forms of securities held by the
21 candidate for office or held jointly with the spouse of the
22 candidate for office during the reporting period, if the security
23 has a total aggregate fair market value of \$1,000.00 or more. **The**
24 **candidate must report the origin and address of each security**
25 **required to be reported under this subdivision.** The fair market
26 value for the purpose of listing stocks, bonds, or other forms of
27 securities under this subdivision must be adjusted for inflation
28 every 4 years using the Detroit Consumer Price Index, and rounded
29 up to the nearest \$1,000.00. For purposes of this act, a candidate

1 for office is not required to disclose a stock in a widely held
2 investment fund, including, but not limited to, a mutual fund,
3 regulated investment company, pension or deferred compensation
4 plan, or other investment fund, if both of the following apply:

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

7 (ii) The candidate for office or the candidate for office's
8 spouse does not exercise control over or have the ability to
9 exercise control over the financial interests held by the fund.

10 (j) A list of any real property in which the candidate for
11 office holds an ownership or other financial interest. For purposes
12 of this subdivision, the candidate for office is required to
13 include a real property in the report only if that real property
14 has a fair market value of \$1,000.00 or more during the reporting
15 period. A candidate for office filing a report may exclude the
16 street number of a parcel of real property under this subdivision.

17 (k) The date **of**, identity of parties to, and general terms of
18 any agreements or arrangements with respect to future employment, a
19 leave of absence while a candidate for office, continuation or
20 deferral of payments by a former or current employer other than
21 this state, or continuing participation in an employee welfare or
22 benefit plan maintained by a former employer.

23 (l) If applicable, a statement indicating that the candidate
24 for office or the spouse of the candidate for office is a
25 registered vendor with this state, has a majority interest in a
26 company that is a registered vendor with this state, or is employed
27 by a company that is a registered vendor with this state. If the
28 candidate for office or the spouse of the candidate for office is a
29 registered vendor with this state or has a majority interest in a

1 company that is a registered vendor with this state, the candidate
2 for office shall include the name of the company and a description
3 of all contracts entered into with this state by the candidate for
4 office, public spouse of the candidate for office, or company in
5 which the candidate for office or spouse of the candidate for
6 office has a majority interest during the reporting period. If the
7 candidate for office or spouse of the candidate for office is
8 employed by a company that is a registered vendor with this state,
9 the candidate for office shall include the name of the company and
10 a description of all contracts entered into with this state that
11 the candidate for office or the spouse of the candidate for office
12 worked on directly during the reporting period.

13 (2) A candidate for office is not required to disclose the
14 value of any real property or property disclosed under subsection
15 (1).

16 (3) A report required under section 5 must include the
17 following certification: "I certify that the statements I have made
18 on this financial disclosure form are true, complete, and correct
19 to the best of my knowledge and belief, and that I have not moved
20 assets during the reporting period for the purpose of avoiding
21 disclosure under the candidate for office financial disclosure
22 act."

23 Sec. 11. (1) ~~Within 30 days after the effective date of this~~
24 ~~act,~~ **Not later than March 14, 2024,** the department shall create a
25 standard financial disclosure form that incorporates the
26 requirements of section 7 for use by a candidate for office to file
27 the financial disclosure report required under this act.

28 (2) The department shall, ~~no-not~~ later than March 15, ~~2024,~~
29 **2025,** make the **most current version of the** form created under this

1 section easily accessible on its website.

2 Sec. 13. (1) The secretary of state shall do all of the
3 following:

4 (a) Make available through the secretary of state's offices
5 appropriate forms, instructions, and manuals required ~~by~~**under** this
6 act.

7 (b) Create and operate an electronic, internet-accessible
8 system to receive ~~all~~ statements and reports required ~~by~~**under** this
9 act to be filed with the secretary of state.

10 (c) Create ~~all~~ forms, instructions, and manuals required under
11 this act.

12 **(d) Accept statements and reports submitted by email as an**
13 **acceptable alternative to the electronic filing system created**
14 **under subdivision (b). This subdivision retroactively applies to**
15 **statements and reports submitted by email for the reporting period**
16 **of January 1, 2023 to December 31, 2023.**

17 **(e)** ~~(d)~~ Issue declaratory rulings to implement this act under
18 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201
19 to 24.328.

20 **(f)** ~~(e)~~ On receiving a written request and the required
21 filing, waive payment of a late filing fee if the request for the
22 waiver is based on good cause and accompanied by adequate
23 documentation. One or more of the following reasons constitute good
24 cause for a late filing fee waiver:

25 (i) The incapacitating physical illness, hospitalization,
26 accident involvement, death, or incapacitation for medical reasons
27 of a candidate for office or an individual whose participation is
28 essential to the preparation of the report.

29 (ii) Other unique, unintentional factors beyond the control of

1 the candidate for office that are not the result of a negligent act
2 or nonaction so that a reasonably prudent person would excuse the
3 filing on a temporary basis. These factors include the loss or
4 unavailability of records because of a fire, flood, theft, or
5 similar reason and difficulties related to the transmission of the
6 filing to the secretary of state, such as exceptionally bad
7 weather.

8 **(g)** ~~(f)~~—As soon as practicable, but not later than 5 business
9 days after a report required to be filed under this act is
10 received, make the report or all of the contents of the report
11 available without charge to the public on a separate webpage or its
12 website homepage.

13 **(h)** ~~(g)~~ ~~Within~~ **Not later than** 9 business days after the
14 deadline for filing a report under this act, notify, by registered
15 mail or email, an individual of any error or omission in the
16 individual's report or that the individual failed to file the
17 required report.

18 (2) The secretary of state shall issue a declaratory ruling
19 under this section only if the person requesting the ruling has
20 provided a reasonably complete statement of facts necessary for the
21 ruling or if the person requesting the ruling has, with the
22 permission of the secretary of state, supplied supplemental facts
23 necessary for the ruling. ~~Within~~ **Not later than** 2 business days
24 after receiving a request for a declaratory ruling, the secretary
25 of state shall make the request available in the manner provided
26 for under subsection ~~(1)(f)~~. **(1)(g)**. An interested person may
27 submit written comments regarding the request to the secretary of
28 state ~~within~~ **not later than** 10 business days after the date the
29 request is made available to the public. ~~Within~~ **Not later than** 45

1 business days after receiving a declaratory ruling request, the
2 secretary of state shall make a proposed response available in the
3 manner provided for under subsection ~~(1)(f)~~. **(1)(g)**. An interested
4 person may submit written comments regarding the proposed response
5 to the secretary of state ~~within~~ **not later than** 5 business days
6 after the date the proposal is made available to the public. Except
7 as otherwise provided in this section, the secretary of state shall
8 issue a declaratory ruling ~~within~~ **not later than** 60 business days
9 after receiving a request for a declaratory ruling. The secretary
10 of state may refuse to issue a declaratory ruling or an
11 interpretive statement under this act if the request is anonymous,
12 the secretary of state determines that the subject matter of the
13 request is frivolous on its face, or the request is indefinite or
14 lacks specificity. If the secretary of state refuses to issue a
15 declaratory ruling, the secretary of state shall notify the person
16 making the request of the reasons for the refusal and issue an
17 interpretive statement providing an informational response to the
18 question presented within the 60-day period. A declaratory ruling
19 or interpretive statement issued under this section must not state
20 a general rule of law, other than that which is stated in this act,
21 or under judicial order.

22 (3) Under extenuating circumstances, the secretary of state
23 may issue a notice extending, for not more than 30 business days,
24 the period during which the secretary of state shall respond to a
25 request for a declaratory ruling. The secretary of state shall not
26 issue more than 1 notice of extension for a particular request. A
27 person requesting a declaratory ruling may waive, in writing, the
28 time limitations provided by this section.

29 (4) The secretary of state shall make available to the public

1 an annual summary of the declaratory rulings and interpretive
2 statements issued by the secretary of state under this section.

3 (5) A person may file with the secretary of state a complaint
4 that alleges a violation of this act. ~~Within~~**Not later than** 5
5 business days after a complaint that meets the requirements of
6 subsection (6) is filed, the secretary of state shall mail notice
7 to the person against whom the complaint is filed. The notice must
8 include a copy of the complaint. ~~Within~~**Not later than** 15 business
9 days after the notice is mailed, the person against whom the
10 complaint was filed may submit a response to the secretary of
11 state. The secretary of state may extend the period for submitting
12 a response an additional 15 business days for good cause. The
13 secretary of state shall mail a copy of a response received to the
14 complainant. ~~Within~~**Not later than** 10 business days after the
15 response is mailed, the complainant may submit a rebuttal statement
16 to the secretary of state. The secretary of state may extend the
17 period for submitting a rebuttal statement an additional 10
18 business days for good cause. The secretary of state shall provide
19 a copy of the rebuttal statement to the person against whom the
20 complaint was filed. If, on review of the complaint, the secretary
21 of state determines that the complaint is frivolous, illegible,
22 indefinite, or unsigned, or does not identify an alleged violator,
23 allege a violation of the act, or contain a verification statement,
24 the secretary of state may summarily dismiss the complaint without
25 prejudice. If a complaint is summarily dismissed, the complainant
26 must be notified in writing as to the reason the complaint was
27 dismissed. The secretary of state may consolidate similar
28 complaints.

29 (6) A complaint filed under subsection (5) must satisfy all of

1 the following requirements:

2 (a) Be signed by the complainant.

3 (b) State the name, address, and telephone number of the
4 complainant.

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

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

20 (8) The secretary of state shall investigate allegations
21 brought under this act. If an allegation involves the secretary of
22 state, or the secretary of state's spouse, the secretary of state
23 shall refer the matter to the attorney general to determine whether
24 a violation of this act occurred.

25 (9) No later than 45 business days after receiving a rebuttal
26 statement submitted under subsection (5) or, if no response or
27 rebuttal is received under subsection (5), 45 business days after
28 receiving a complaint under subsection (5), the secretary of state
29 shall post on the secretary of state's website whether there may be

1 reason to believe that a violation of this act occurred. If the
2 secretary of state determines whether there may be reason to
3 believe that a violation of this act occurred or determines to
4 terminate its proceedings, the secretary of state shall, ~~within~~**not**
5 **later than** 30 days after that determination, post on the secretary
6 of state's website any complaint, response, or rebuttal statement
7 received under subsection (5) regarding that violation or alleged
8 violation and any correspondence that is dispositive of that
9 violation or alleged violation between the secretary of state and
10 the complainant or the person against whom the complaint was filed.
11 If the secretary of state determines there may be reason to believe
12 that a violation of this act occurred, the secretary of state shall
13 endeavor to correct the violation or prevent a further violation by
14 using informal methods such as a conference, conciliation, or
15 persuasion, and may enter into a conciliation agreement with the
16 person involved. Unless violated, a conciliation agreement is a
17 complete bar to any further civil action with respect to matters
18 covered in the conciliation agreement. The secretary of state
19 shall, ~~within~~**not later than** 30 days after a conciliation agreement
20 is signed, post that agreement on the department's website. If,
21 after 90 business days, the secretary of state is unable to correct
22 or prevent further violation by these informal methods, the
23 secretary of state may commence a hearing as provided in subsection
24 (10) for enforcement of this act.

25 (10) The secretary of state may commence a hearing to
26 determine whether a violation of this act occurred. The hearing
27 must be conducted in accordance with chapter 4 of the
28 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to
29 24.288.

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

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

15 (13) There is no private right of action, either in law or in
16 equity, under this act. The remedies provided in this act are the
17 exclusive means by which this act may be enforced and by which any
18 harm resulting from a violation of this act may be redressed.

19 (14) The secretary of state shall preserve a report filed
20 under this act for 15 years after the date the report is filed. If
21 the secretary of state or attorney general determines under this
22 section that a violation of this act occurred, the secretary of
23 state shall preserve all complaints, orders, decisions, or other
24 documents related to that violation for 15 years after the date of
25 the determination or the date the violation is corrected, whichever
26 is later. Reports filed under this act may be reproduced under the
27 records reproduction act, 1992 PA 116, MCL 24.401 to 24.406. After
28 the required preservation period, the reports, or the reproductions
29 of the reports, may be disposed of in the manner prescribed in the

1 management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, and
2 section 11 of the Michigan history center act, 2016 PA 470, MCL
3 399.811.