

HOUSE BILL NO. 5975

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

A bill to amend 1976 PA 388, entitled
"Michigan campaign finance act,"
(MCL 169.201 to 169.282) by adding section 30a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 30a. (1) Beginning 18 months after the effective date of**
2 **the amendatory act that added this section and subject to**
3 **subsection (3), no principal of a contractor or prospective**
4 **contractor that has entered into or is seeking a state contract**
5 **shall directly or indirectly make a donation or contribution to any**

1 of the following:

2 (a) A candidate committee of a candidate for state elective
3 office.

4 (b) A political party committee.

5 (c) A 527 committee.

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

8 (2) Beginning 18 months after the effective date of the
9 amendatory act that added this section and subject to subsection
10 (3), no principal of a contractor or prospective contractor that
11 has entered into or is seeking a local government contract shall
12 directly or indirectly make a donation or contribution to any of
13 the following:

14 (a) A candidate committee supporting a candidate for office
15 within the contracting jurisdiction.

16 (b) A state political party committee.

17 (c) A local political party committee within the contracting
18 jurisdiction.

19 (d) A noncandidate 527 committee.

20 (e) A candidate affiliated 501(c)(4) committee or contractor
21 affiliated 501(c)(4) committee.

22 (3) The prohibition under subsection (1) or (2) begins 18
23 months before a contractor seeking a state or local government
24 contract and ends 18 months after the termination of the contract
25 period. Contractors seeking a government contract but not
26 subsequently entering into a contract agreement are subject to the
27 prohibitions under this section for only the 18 months before
28 seeking the contract.

29 (4) A contractor that violates this section may have the

1 contractor's contracts canceled or be disqualified from
2 consideration for future contracts for 3 years, or both. A
3 prospective contractor that violates this section may be
4 disqualified from consideration for the prospective contract or
5 disqualified from consideration for future contracts for 3 years,
6 or both. No violation of this section occurs if the improper
7 contribution is returned to the principal by the date of the
8 proposal for the contract or 30 days after receipt of the improper
9 contribution by the recipient committee treasurer.

10 (5) As used in this section:

11 (a) "Candidate affiliated 501(c)(4) committee" means an
12 organization claiming tax-exempt status under section 501(c)(4) of
13 the internal revenue code of 1986, 26 USC 501, that is established
14 by, controlled by, directed by, or employs or contracts with any of
15 the following:

16 (i) A candidate.

17 (ii) An individual who holds or has held elective office.

18 (iii) An employee, staff member, contract employee, or family
19 member of a candidate or an individual who holds elective office.

20 (iv) A political party committee.

21 (b) "Contract" means an agreement of contract, let through a
22 procurement process or otherwise, for the rendition of services;
23 the furnishing of any goods, material, supplies, equipment, or any
24 items of any kind; the construction, alteration, or repair of any
25 public building or public work; or the acquisition, sale, or lease
26 of any land or building. Contract does not mean any of the
27 following:

28 (i) Loans or loan guarantees.

29 (ii) Subsidies or grants allocated through the appropriations

1 process.

2 (iii) Collective bargaining agreements.

3 (iv) Agreements between political subdivisions of this state
4 such as counties or municipalities that have agreements with the
5 state or one another.

6 (c) "Contractor" means a person, business entity, or nonprofit
7 organization entered or entering into a state or local government
8 contract and receiving an aggregate of \$250,000.00 or more in
9 contract awards from the respective state and local government.

10 (d) "Contractor affiliated 501(c)(4) committee" means an
11 organization claiming tax-exempt status under section 501(c)(4) of
12 the internal revenue code of 1986, 26 USC 501, that receives at
13 least half of its funding from a contractor or contractor principal
14 or is established by, controlled by, directed by, or employs or
15 contracts with any of the following:

16 (i) The contractor or prospective contractor.

17 (ii) An employee, director, staff member, contract employee, or
18 family member of a contractor or prospective contractor.

19 (e) "Family member" means spouse, ex-spouse, child, stepchild,
20 grandchild, step-grandchild, parent, stepparent, grandparent, step-
21 grandparent, sibling, stepsibling, niece, stepniece, nephew, or
22 stepnephew.

23 (f) "527 committee" means an organization claiming tax-exempt
24 status under section 527 of the internal revenue code of 1985, 26
25 USC 527.

26 (g) "Lobbying firm" means any business that engages in
27 lobbying as that term is defined in section 5 of 1978 PA 472, MCL
28 4.415.

29 (h) "Local government" means a county, city, village,

1 township, or political subdivision of this state.

2 (i) "Principal" means any of the following:

3 (i) The chief executive officer or a comparable officer.

4 (ii) A member of the board of directors or the equivalent of
5 the board of directors.

6 (iii) An individual who has an ownership interest in the
7 contractor or prospective contractor of 5% or greater.

8 (iv) The contractor or prospective contractor.

9 (v) A president, treasurer, or executive vice president.

10 (vi) Any officer or employee who has managerial or
11 discretionary responsibilities with respect to government affairs
12 or a contract with this state, a state agency, a local government,
13 or a political subdivision of a local government.

14 (vii) The spouse or dependent child of an individual listed
15 under subparagraphs (i) through (vi).

16 (viii) A political committee established or controlled by an
17 individual listed under subparagraphs (i) through (vii), the
18 contractor, or the prospective contractor.

19 (ix) Any subsidiary business controlled directly or indirectly
20 by the contractor or prospective contractor.

21 (x) Any person acting on behalf of the persons listed under
22 this subdivision. As used in this subparagraph, "any person acting
23 on behalf" includes any lobbying firm, employee of the lobbying
24 firm, or family member of an employee of the lobbying firm if the
25 lobbying firm has a contract with a contractor or prospective
26 contractor.

27 (j) "Prospective contractor" means a contractor that submits a
28 response to a government contract solicitation or submits a

1 proposal in response to a request for proposals for solicitations
2 or proposals that may be worth an aggregate of \$250,000.00 or more
3 in contract awards from state and local government contracts.

4 (k) "State agency" means an office, department, board,
5 council, commission, institution, or other agency in the executive
6 or legislative branch of state government.