

SENATE BILL NO. 595

October 19, 2023, Introduced by Senator ALBERT and referred to the Committee on Oversight.

A bill to regulate political activity; to require state senators to file financial reports; to prescribe the powers and duties of certain state officers and agencies; to require the promulgation of rules; 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 may be cited as the "state senator financial
2 disclosure act".

3 Sec. 2. As used in this act:

1 (a) "Beneficial interest" includes, but is not limited to, the
2 interest in a trust of a qualified trust beneficiary or a trust
3 beneficiary as those terms are defined in section 7103 of the
4 estates and protected individuals code, 1998 PA 386, MCL 700.7103.

5 (b) "Blind trust" means a qualified blind trust or qualified
6 diversified trust as those terms are defined in 5 CFR 2634.403.

7 (c) "Earned income" means salaries, tips, or other
8 compensation or net earnings from self-employment for the taxable
9 year.

10 (d) "Income" means money or any thing of value received, or to
11 be received as a claim on future services, whether in the form of a
12 fee, salary, expense, allowance, forbearance, forgiveness,
13 interest, dividend, royalty, rent, capital gain, or any other form
14 of recompense that is considered income under the internal revenue
15 code of 1986, 26 USC 1 to 9834.

16 (e) "Liabilities" means what a person owes to another person,
17 including, but not limited to, mortgages or other debts.

18 (f) "Lobbyist" means that term as defined in section 5 of 1978
19 PA 472, MCL 4.415.

20 (g) "Lobbyist agent" means that term as defined in section 5
21 of 1978 PA 472, MCL 4.415.

22 (h) "State official" means an individual who is serving in the
23 office of state senator.

24 Sec. 3. (1) If an individual is a state official at any time
25 during a calendar year, that individual shall electronically file
26 with the secretary of state a report that meets the requirements of
27 section 4. The report required to be filed under this subsection
28 must first be filed by May 15, 2024 and by May 15 of each year
29 thereafter. This subsection does not apply to an individual who was

1 a state official only on the first day of the calendar year or who,
2 under any of the following acts, files a report in the current
3 calendar year:

4 (a) State representative financial disclosure act.

5 (b) Judicial branch financial disclosure act.

6 (c) Executive branch financial disclosure act.

7 (2) If an individual required to file a report under this act
8 receives notice from the secretary of state under section 6(1)(g),
9 the individual shall, within 9 business days after receiving the
10 notice, file corrections to the errors or omissions or file the
11 report, as applicable.

12 Sec. 4. (1) Subject to subsection (4), and except as provided
13 in section 5, a report required under section 3 must include a
14 complete statement of all of the following:

15 (a) The full name, mailing address, and occupation of the
16 individual filing the report.

17 (b) The name of each member of the immediate family of the
18 individual filing the report.

19 (c) The name, address, and principal activity of each employer
20 of the individual filing the report during the calendar year
21 covered by the report if the individual's or member's total earned
22 income from the employer equals \$5,000.00 or more during that
23 calendar year.

24 (d) The source and type of earned income received during the
25 preceding calendar year by the individual filing the report if the
26 total earned income from that source equals \$5,000.00 or more
27 during that calendar year.

28 (e) The source and type of all other income not reported under
29 subdivision (d) that is received during the preceding calendar year

1 by the individual filing the report if the total income from that
2 source equals \$5,000.00 or more during that calendar year.

3 (f) Excluding a primary residence, the address of each parcel
4 of real property held during the preceding calendar year by the
5 individual filing the report if the real property had a fair market
6 value of \$50,000.00 or more at any time the real property was held
7 during the preceding calendar year. An individual filing a report
8 may exclude the street number of a parcel of real property listed
9 under this subdivision.

10 (g) A description of any stocks, bonds, commodities, futures,
11 shares in mutual funds, or other forms of securities held by the
12 individual filing the report during the preceding calendar year, if
13 the security has a total aggregate fair market value of \$10,000.00
14 or more on the date the report is filed.

15 (h) A description of any interest in any of the following
16 types of assets held by the individual filing the report, if the
17 interest in the asset has a value of \$10,000.00 or more on the date
18 the report is filed:

19 (i) A qualified or nonqualified annuity.

20 (ii) A benefit under a qualified or nonqualified plan of
21 deferred compensation.

22 (iii) An account in, or benefit payable under, any pension,
23 profit-sharing, stock bonus, or other qualified retirement plan.

24 (iv) An individual retirement account or trust.

25 (v) A benefit under a plan or arrangement that is established
26 under section 401, 403, 408, 408A, or 457 of the internal revenue
27 code of 1986, 26 USC 401, 403, 408, 408A, and 457, or a similar
28 provision of the internal revenue code of 1986, 26 USC 1 to 9834.

29 (i) The identity of all compensated positions held by the

1 individual filing the report during the preceding calendar year as
2 an officer, director, member, trustee, partner, proprietor,
3 representative, employee, or consultant of a corporation, limited
4 liability company, limited partnership, partnership, or other
5 business enterprise; of a nonprofit organization; of a labor
6 organization; or of an educational or other institution other than
7 this state, if the total compensation received from a position
8 equals \$1,000.00 or more during that calendar year. A position
9 reported under this subdivision must include the title of the
10 position, the name of the entity within which the position exists,
11 and the principal activity of the entity. A position held in any
12 religious, social, fraternal, or political entity, or a position
13 that is solely of an honorary nature, is excluded under this
14 subparagraph.

15 (j) A description of any interest the individual filing the
16 report had during the preceding calendar year in a legal entity
17 that conducts business in this state, if the interest has a book
18 value of \$10,000.00 or more, unless the entity has shares that are
19 listed or traded over the counter or on an organized exchange.

20 (k) A description of all liabilities owed by the individual
21 filing the report and the identity of each creditor. For purposes
22 of this subparagraph, the individual filing the report is required
23 to report a liability under this subparagraph only if the liability
24 owed to each creditor is \$5,000.00 or more during the preceding
25 calendar year.

26 (l) The date of, parties to, and general terms of any
27 agreements or arrangements with respect to future employment, a
28 leave of absence while serving as a state official, continuation or
29 deferral of payments by a former or current employer other than

1 this state, or continuing participation in an employee welfare or
2 benefit plan maintained by a former employer.

3 (m) A list of all gifts and expenditures for food and
4 beverages reported by a lobbyist or lobbyist agent under state law.

5 (n) A list of all travel and lodging expenses paid for or
6 reimbursed by a lobbyist or lobbyist agent that are required to be
7 reported by the lobbyist or lobbyist agent under state law.

8 (o) A description of each payment made by a lobbyist or
9 lobbyist agent to a charity in lieu of honoraria.

10 (2) Subject to subsection (4), information an individual is
11 required to report under this section includes information with
12 respect to the income from a trust or other financial arrangement
13 from which income is received by, or with respect to which a
14 beneficial interest in principal or income is held by, an
15 individual required to file a report under this section.

16 (3) An individual is not required to disclose the value of any
17 real or personal property disclosed under subsection (1).

18 (4) If an individual required to file a report under section 3
19 holds a beneficial interest in a blind trust, the individual is not
20 required to include the interests or assets of the blind trust in
21 the individual's statement under subsection (1). However, the
22 individual must indicate in the individual's report that the
23 individual holds a beneficial interest in a blind trust.

24 Sec. 5. An individual filing a report under section 3 may omit
25 any of the following:

26 (a) Information an individual is required to report under the
27 Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

28 (b) An item otherwise required to be reported under section
29 4(1)(f) or (g) if both of the following apply:

1 (i) The item is not in any way, past or present, derived from
2 the income, assets, or activities of the individual filing the
3 report.

4 (ii) The individual filing the report does not derive, or
5 expect to derive, financial benefit from the item.

6 (c) An item that concerns a spouse who is living separate and
7 apart from the individual filing the report with the intention of
8 terminating the marriage or maintaining a legal separation.

9 (d) An item that concerns income of the individual filing the
10 report arising from dissolution of the individual's or member's
11 marriage.

12 (e) Compensation from a publicly held corporation that has
13 shares that are listed or traded over the counter or on an
14 organized exchange paid to a business owned by the individual
15 filing the report or in which the individual filing the report has
16 an interest, if the report under section 4 includes a complete
17 statement of the identity and value of that business.

18 (f) Benefits received under the social security act, chapter
19 531, 49 Stat 620.

20 Sec. 6. (1) The secretary of state shall do all of the
21 following:

22 (a) Make available through the secretary of state's offices
23 appropriate forms, instructions, and manuals required by this act.

24 (b) Create and operate an electronic, internet-accessible
25 system to receive all statements and reports required by this act
26 to be filed with the secretary of state.

27 (c) Prepare forms, instructions, and manuals required under
28 this act.

29 (d) Issue declaratory rulings to implement this act under the

1 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
2 24.328.

3 (e) On receiving a written request and the required filing,
4 waive payment of a late filing fee if the request for the waiver is
5 based on good cause and accompanied by adequate documentation. One
6 or more of the following reasons constitute good cause for a late
7 filing fee waiver:

8 (i) The incapacitating physical illness, hospitalization,
9 accident involvement, death, or incapacitation for medical reasons
10 of an individual required to file a report or an individual whose
11 participation is essential to the preparation of the report.

12 (ii) Other unique, unintentional factors beyond the
13 individual's control that are not the result of a negligent act or
14 nonaction so that a reasonably prudent person would excuse the
15 filing on a temporary basis. These factors include the loss or
16 unavailability of records because of a fire, flood, theft, or
17 similar reason and difficulties related to the transmission of the
18 filing to the secretary of state, such as exceptionally bad
19 weather.

20 (f) As soon as practicable, but not later than 5 business days
21 after a report required to be filed under this act is received,
22 make the report or all of the contents of the report available
23 without charge to the public on the internet at a single website.

24 (g) Within 9 business days after the deadline for filing a
25 report under this act, notify, by registered mail, an individual of
26 any error or omission in the individual's report or that the
27 individual failed to file the required report.

28 (2) The secretary of state shall issue a declaratory ruling
29 under this section only if the person requesting the ruling has

1 provided a reasonably complete statement of facts necessary for the
2 ruling or if the person requesting the ruling has, with the
3 permission of the secretary of state, supplied supplemental facts
4 necessary for the ruling. Within 2 days after receiving a request
5 for a declaratory ruling, the secretary of state shall make the
6 request available in the manner provided for under subsection
7 (1)(f). An interested person may submit written comments regarding
8 the request to the secretary of state within 10 business days after
9 the date the request is made available to the public. Within 45
10 business days after receiving a declaratory ruling request, the
11 secretary of state shall make a proposed response available in the
12 manner provided for under subsection (1)(f). An interested person
13 may submit written comments regarding the proposed response to the
14 secretary of state within 5 business days after the date the
15 proposal is made available to the public. Except as otherwise
16 provided in this section, the secretary of state shall issue a
17 declaratory ruling within 60 business days after receiving a
18 request for a declaratory ruling. If the secretary of state refuses
19 to issue a declaratory ruling, the secretary of state shall notify
20 the person making the request of the reasons for the refusal and
21 issue an interpretative statement providing an informational
22 response to the question presented within the 60-day period. A
23 declaratory ruling or interpretative statement issued under this
24 section must not state a general rule of law, other than that which
25 is stated in this act or under judicial order.

26 (3) Under extenuating circumstances, the secretary of state
27 may issue a notice extending, for not more than 30 business days,
28 the period during which the secretary of state shall respond to a
29 request for a declaratory ruling. The secretary of state shall not

1 issue more than 1 notice of extension for a particular request. A
2 person requesting a declaratory ruling may waive, in writing, the
3 time limitations provided by this section.

4 (4) The secretary of state shall make available to the public
5 an annual summary of the declaratory rulings and interpretative
6 statements issued by the secretary of state under this section.

7 Sec. 7. (1) The secretary of state shall make a report filed
8 under this act available without charge to the public on a separate
9 internet webpage or on its website homepage.

10 (2) A report that is made available to the public under this
11 act must not be used for any commercial purpose.

12 (3) The secretary of state shall preserve a report filed under
13 this act for 15 years after the date the report is filed. If the
14 secretary of state or attorney general determines that a violation
15 of this act occurred, the secretary of state shall preserve all
16 complaints, orders, decisions, or other documents related to that
17 violation for 15 years after the date of the determination or the
18 date the violation is corrected, whichever is later. Reports filed
19 under this act may be reproduced in accordance with the records
20 reproduction act, 1992 PA 116, MCL 24.401 to 24.406. After the
21 required preservation period, the reports, or the reproductions of
22 the reports, may be disposed of in the manner prescribed in the
23 management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, and
24 section 11 of the Michigan history center act, 2016 PA 470, MCL
25 399.811.

26 (4) The secretary of state shall not collect a charge for the
27 filing of a report under this act, except a late filing fee
28 required by this act.

29 (5) The secretary of state shall determine whether a statement

1 or report filed under this act complies, on its face, with the
2 requirements of this act. The secretary of state shall determine
3 whether a statement or report that is required to be filed under
4 this act is in fact filed.

5 (6) A report required to be filed under this act must be filed
6 not later than 5 p.m. of the day it is required to be filed.

7 Sec. 8. (1) An individual who fails to file a report as
8 required under this act shall pay a late filing fee determined as
9 follows:

10 (a) Twenty-five dollars for each of the first 10 business days
11 that the report remains unfiled.

12 (b) Fifty dollars for each business day after the first 10
13 business days that the report remains unfiled.

14 (c) In addition to the late filing fees imposed under
15 subdivisions (a) and (b), \$5,000.00 if the report remains unfiled
16 for more than 105 business days.

17 (2) If an individual required to file a report under this act
18 knowingly files an incomplete or inaccurate report, the individual
19 shall be ordered to pay a civil fine of not more than \$10,000.00.

20 (3) A late filing fee collected under this act must be
21 deposited into the state official financial disclosure fund created
22 in section 9 of the state representative financial disclosure act.
23 A late filing fee assessed under this act that remains unpaid for
24 more than 180 days must be referred to the department of treasury
25 for collection.

26 Enacting section 1. This act takes effect December 31, 2023.