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Senate Bill 661 (as enacted)
Sponsor: Senator Arlan Meekhof
Senate Committee: Local Government and Elections
House Committee: Elections and Ethics

PUBLIC ACT 252 of 2013

Date Completed: 2-10-15

CONTENT

The bill amended the Michigan Campaign Finance Act to do the following:

- **Increase from \$100 to \$1,000 the threshold at which a campaign donation of food and beverages is subject to the Act's campaign finance reporting requirements.**
- **Exempt an expenditure for a communication from application of the Act if the communication does not expressly advocate the election or defeat of a particular candidate or use specified words.**
- **Require a committee to file campaign statements in July and October of a year in which there is no election for the candidate the committee is supporting or opposing.**
- **Double the maximum contributions to a candidate or political party caucus committee allowed during an election cycle, and require the Secretary of State (SOS) to adjust the contribution limits for inflation every four years.**
- **Provide that a communication that does not expressly advocate the election or defeat of a particular candidate is subject to the Act's disclosure requirements regarding the communication's sponsor or funder only if it refers to a specific candidate or ballot question within 60 days before a general election or 30 days before a primary election.**
- **Require a prerecorded telephone message that expressly advocates the election or defeat of a candidate or passage or defeat of a ballot proposal to identify the person paying for the message.**

The bill took effect on December 27, 2013.

Contributions & Expenditures

The Act defines "contribution" as a payment, gift, subscription, assessment, expenditure, contract, payment for services, dues, advance, forbearance, loan, or donation of money or anything of ascertainable monetary value, or a transfer of anything of ascertainable monetary value to a person, made for the purpose of influencing the nomination or election of a candidate; for the qualification, passage, or defeat of a ballot question; or for the qualification of a new political party.

Food and beverages under a certain dollar amount that are donated by an individual and for which reimbursement is not given are not considered a contribution. Previously, the food and beverages could not exceed \$100. The bill increased this limit to \$1,000.

The Act defines "expenditure" as a payment, donation, loan, or promise of payment of money or anything of ascertainable monetary value for goods, materials, services, or facilities in assistance of, or in opposition to, the nomination or election of a candidate; the qualification, passage, or defeat of a ballot question; or the qualification of a new political party.

The bill provides that, except for the purposes of Section 47 (described below), "expenditure" does not include an expenditure for a communication that does not in express terms advocate the election or defeat of a clearly identified candidate so as to restrict the application of the Act to communications containing express words of advocacy of election or defeat, such as "vote for", "elect", "support", "cast your ballot for", "Smith for Governor", "vote against", "defeat", or "reject".

Campaign Statement Filing

The Act requires a campaign statement of a committee, other than a political party committee, to contain specific information, including the full name of each individual from whom contributions are received during the period covered by the statement, as well as his or her street address, the amount contributed, the date on which each contribution was received, and the cumulative amount contributed by that individual. If his or her cumulative contributions are more than \$100, the individual's occupation, employer, and principal place of business also must be stated. Under the bill, for a contribution of \$5 or less by an individual to a political committee or independent committee, the Secretary of State must accept for filing any written communication from the committee that contains the required information. Any such communication does not have to contain an original signature.

Under the Act, a committee, other than an independent committee or a political committee required to file with the Secretary of State, supporting or opposing a candidate must file complete campaign statements as required by the Act and rules promulgated under it. A preelection statement must be filed by the 11th day before an election, with a closing day of the 16th day before the election. A postelection statement also must be filed within 30 days after the election, with a closing date of the 20th day after the election.

Under the bill, in a year in which there is no election for the candidate the committee is supporting or opposing, statements also would must be filed as follows:

- By July 25 with a closing date of July 20 of that year.
- By October 25 with a closing date of October 20 of that year.

Disclosures on Printed Materials & Paid Advertising

Under Section 47 of the Act, except as otherwise provided, a billboard, placard, poster, pamphlet, or other printed matter referring to an election, a candidate, or a ballot question must bear upon it the name and address of the person paying for it. If the printed matter relating to a candidate is an independent expenditure that is not authorized by the applicable candidate committee, it must state: "Not authorized by any candidate committee".

A radio or television paid advertisement that refers to an election, a candidate, or a ballot question must identify the sponsoring person as required by the Federal Communications Commission and bear the name of the person paying for it. If the paid advertisement relates to a candidate and is an independent expenditure, it must state: "Not authorized by any candidate". If it relates to a candidate and is not an independent expenditure but is paid for by a person other than the candidate, it must state: "Authorized by.....".

Except for a candidate committee's printed matter or radio or television paid advertisements, each required identification or disclaimer also must indicate that the matter or advertisement is paid for "with regulated funds".

The bill requires a prerecorded telephone message that in express terms advocates the election or defeat of a clearly identified candidate, or the qualification, passage, or defeat of a ballot question, to contain the name and telephone number, address, or other contact information of the person paying for the message, and to comply with the requirement to indicate that it is paid for with regulated funds.

The bill exempts from that requirement a communication that is entirely exempted from the Act because it does not advocate expressly the election or defeat of a clearly identified candidate.

Additionally, the bill provides that such a communication is subject to the Act's requirements regarding the identity of the person sponsoring or paying for it only if the communication refers to a clearly identified candidate or ballot question within 60 days before a general election or 30 days before a primary election in which the candidate or ballot question appears on a ballot and is targeted to the relevant electorate where that candidate or question appears on the ballot by means of radio, television, mass mailing, or prerecorded telephone message.

The bill defines "mass mailing" as a mailing by U.S. mail or facsimile of more than 500 pieces of mail matter of an identical or substantially similar nature within any 30-day period.

Contribution Limits

The bill amended Section 52 to prohibit a person other than an independent committee or a political party committee from making contributions to a candidate committee that, with respect to an election cycle, are more than the following:

- \$6,800 for a candidate for State elective office other than the office of State legislator, or for a candidate for local elective office if the district from which he or she is seeking office has a population of more than 250,000.
- \$2,000 for a candidate for State senator, or for a candidate for local elective office if the district has a population of more than 85,000 but not more than 250,000.
- \$1,000 for a candidate for State representative, or for a candidate for local elective office if the district has a population of 85,000 or less.

Under the previous law, the limits were \$3,400, \$1,000, and \$500, respectively.

Under the bill, Section 52a prohibits a person from making contributions to a House or Senate political party caucus committee that exceed \$40,000 in a calendar year. A political party caucus committee or a treasurer or agent of the committee may not accept a contribution with respect to a two-year election cycle that exceeds this amount. Previously, the limit was \$20,000.

The bill amended Section 69(1) to prohibit a person other than an independent committee or a political party committee from making contributions to a candidate committee that are more than \$6,800 in value for an election cycle. The previous limit was \$3,400.

Beginning January 1, 2019, and every four years after that, the bill requires the SOS to adjust the dollar value contribution limits provided in Sections 52, 52a, and 69(1) by comparing the percentage increase or decrease in the Detroit consumer price index (CPI) for the preceding August by the corresponding CPI four years earlier. The SOS must multiply that percentage change by the amounts prescribed in the Act, and round up each dollar value adjustment to the nearest \$25. The SOS must announce the adjustments by December 15 of each year.

Separate Segregated Fund: Nonprofit Corporation

The Act allows a corporation organized on a for-profit or nonprofit basis, a joint stock company, a domestic dependent sovereign, or a labor organization to make an expenditure for the establishment and administration and solicitation of contributions to a separate segregated fund to be used for political purposes. Contributions for such a fund established by a nonprofit corporation may be solicited from any of the following people or their spouses:

- Members of the corporation who are individuals.
- Stockholders of members of the corporation.
- Officers or directors of corporation members.
- Employees of the corporation or its members who have policymaking, managerial, professional, supervisory, or administrative nonclerical responsibilities.

The bill also includes members of members of the corporation.

MCL 169.204 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill has no fiscal impact on State or local government.

Fiscal Analyst: Joe Carrasco

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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.