

ALLOW PAYROLL DEDUCTIONS FOR CAMPAIGN DONATIONS

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House Bill 4230 as introduced
Sponsor: Rep. Jimmie Wilson, Jr.
Committee: Elections
Revised 6-5-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4230 would amend 1978 PA 390, known as the wages and fringe benefits act, to remove a provision prohibiting *public bodies* from administering payroll deduction plans for political contributions.

Public body, as defined by the Michigan Campaign Finance Act, means any of the following:

- A state agency, department, division, bureau, board, commission, council, authority, or other body in the executive branch of the state government.
- The legislature or an agency, board, commission, or council in the legislative branch of the state government.
- A county, city, township, village, intercounty, intercity, or regional governing body.
- A council, school district, special district, or municipal corporation.
- A board, department, commission, or council, or an agency of any of those bodies.
- Any other body created by a state or local authority or primarily funded by or through state or local authority, if the body exercises governmental or proprietary authority or performs a governmental or proprietary function.

Currently, unless required or permitted by law or a collective bargaining agreement, employers are required to obtain an employee's full, free, and written consent before deducting any amount from their wages, including contributions to a separate segregated fund established under the Michigan Campaign Finance Act. Public bodies are prohibited in all circumstances from deducting any amount from employee wages for contributions to a separate segregated fund or to a political committee established under the federal Election Campaign Act.

House Bill 4230 would remove this restriction on public employees, allowing a payroll deduction plan to be set up for political contributions with an employee's consent.

MCL 408.477

BACKGROUND:

In 2011, the Michigan Supreme Court ruled in *Michigan Education Association v Secretary of State* that the Michigan Campaign Finance Act's prohibition on a public body's use of public resources for political contributions or expenditures prevents a public school district from administering a payroll deduction plan to remit employees' contributions to the Michigan

Education Association's political action committee.¹ The court ruled that through administering the deduction plan, the school district was making an unlawful contribution by using public resources to advance the committee's political objectives and an unlawful expenditure by providing services and facilities in assistance of the committee.

This decision was codified by 2012 PA 30, which made the changes to the wages and fringe benefits act that would be reversed by House Bill 4230. The Michigan Campaign Finance Act was also amended in 2012 to explicitly prohibit public bodies from using public resources to establish or administer a payroll deduction plan to make contributions to a political committee.²

FISCAL IMPACT:

House Bill 4230 would have an indeterminate, but likely minimal, fiscal impact on public bodies as they are defined under the Michigan Campaign Finance Act. Any additional costs would be related to any administrative expenses concerning payroll deductions. Because the payroll deduction process is largely automated, it is expected that any costs would likely be minimal. It is unclear how many public bodies would participate in the program and, if they do, the public bodies may receive reimbursement associated with the cost of the payroll deduction program.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

¹ The full decision can be found here: https://www.courts.michigan.gov/497fle/siteassets/case-documents/uploads/opinions/final/sct/20110630_s137451_102_mea-op.pdf.

² House Bill 4234 would, among other things, remove this prohibition. An H-1 substitute for HB 4234 has been reported from the House Elections committee.