



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 613 and 614 (Substitute S-2 as reported)
Senate Bills 615 and 616 (as reported without amendment)
Sponsor: Senator Jeremy Moss (S.B. 613)
 Senator Sam Singh (S.B. 614)
 Senator Mark E. Huizenga (S.B. 615)
 Senator Ed McBroom (S.B. 616)
Committee: Oversight

CONTENT

Senate Bill 613 (S-2) would enact the "Public Officers Financial Disclosure Act" to do the following:

- Require public officers to annually file a financial disclosure report within the Department of State (DoS) and specify the report's required information.
- Specify the information a public officer filing a financial disclosure report could omit.
- Require public officers to file certain information pertaining to the officer's spouse.
- Require the DoS to create a standard financial disclosure form by March 15, 2024, and make that form available on its website.
- Require the Secretary of State (SOS) to manage forms and instructions of the forms, including managing the filing procedures.
- Prescribe the procedure for the SOS to issue a declaratory ruling.
- Require the SOS to make publicly available an annual summary of the declaratory rulings and interpretative statements issued by it.
- Allow an individual to file a complaint of a violation of the proposed Act with the SOS and prescribe a process for resolving a complaint.
- Require the SOS to refer a complaint involving the SOS or the SOS's spouse to the Attorney General (AG).
- Prescribe a late filing fee of \$25 per business day after the first 10 business days that a report remained unfiled, up to a maximum fine of \$1,000.
- Specify that an individual who knowingly filed an incomplete or inaccurate report could be ordered to pay a civil fine of up to \$2,000.
- Require the SOS to deposit a civil fine in the General Fund (GF) and allow the SOS to bring an action in circuit court to recover the amount of a civil fine.
- Require the SOS to preserve a report for 15 years after its filing.

Senate Bill 614 (S-2) would enact the "Candidate for Office Financial Disclosure Act" to do the following:

- Require a candidate for office to annually file a financial disclosure report within the DoS and specify the report's required information.
- Specify the information a candidate filing a financial disclosure report could omit.
- Require a candidate for office to file certain information pertaining to the candidate's spouse.
- Require the DoS to create a standard financial disclosure form by March 15, 2024, and make that form available on its website.
- Require the SOS to manage forms and instructions of the forms including managing the filing procedures.
- Prescribe the procedure for the SOS to issue a declaratory ruling.

- Require the SOS to make publicly available an annual summary of the declaratory rulings and interpretative statements issued by it.
- Allow an individual to file a complaint of a violation of the proposed Act with the SOS and prescribe a process for resolving a complaint.
- Require the SOS to refer a complaint involving the SOS or the SOS's spouse to the AG.
- Prescribe a late filing fee of \$25 per business day after the first 10 business days that a report remained unfiled, up to a maximum fine of \$1,000.
- Specify that an individual who knowingly filed an incomplete or inaccurate report could be ordered to pay a civil fine of up to \$2,000.
- Require the SOS to deposit a civil fine in the GF and allow the SOS to bring an action in circuit court to recover the amount of a civil fine.
- Require the SOS to preserve a report for 15 years after its filing.

Senate Bill 615 would amend the Michigan Campaign Finance Act to allow a candidate committee to pay a late filing fee under the "Public Officers Financial Disclosure Act" or the "Candidate for Office Financial Disclosure Act".

Senate Bill 616 would amend the Michigan Campaign Finance Act to exempt an expenditure allowed by Senate Bill 615 from a prohibition against a candidate committee making expenditures for anything but the furthering of a candidate's nomination or election.

Senate Bills 613 and 614 are tie-barred. Senate Bills 615 and 616 are tie barred to each other and to Senate Bills 613 and 614.

Proposed MCL 169.244a (S.B. 615)
MCL 169.244 (S.B. 616)

BRIEF RATIONALE

The passage of Proposal 22-1 enshrined in the Constitution the requirement that members of the Legislature, the Governor, the SOS, and the AG file annual public disclosure reports. According to testimony before the Senate Committee on Oversight, this proposal did not go far enough and should include requirements of candidates running for office so voters can be more informed electors. It has been suggested that financial disclosure legislation be enacted to govern the requirements of Proposal 22-1 and further increase transparency.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bills would have an indeterminate cost for the DoS associated with receiving the required financial disclosure statements and making them publicly available on its website. Additionally, the DoS would have to make available appropriate forms, instructions, and manuals regarding financial disclosure statements. Any additional programming or staffing costs for these items should be absorbable within annual departmental appropriations.

The bills also could require the DoS to issue declaratory rulings on discrepancies in financial disclosure statements and investigate and hold a hearing in certain cases of alleged violations of the Acts; however, the SOS could refuse to issue a declaratory ruling if the request were anonymous or if the SOS determined that the subject matter of the request was frivolous.

There likely would be additional costs for any investigations and hearings that could be held but that cost is indeterminate and depends on how many cases actually proceed to a hearing. It is likely that additional appropriations could become necessary if these cases are more than a few.

Finally, the bills provide for a late filing fee of \$25 for each business day that a report was late up to a maximum fee of \$1,000. Additionally, anyone who knowingly files an incomplete or inaccurate report would be in violation of the Acts and ordered to pay a civil fine up to \$1,000. The proceeds from the fines would be deposited into the GF. The amount of potential revenue is indeterminate and depends on the number of fees and fines levied.

Date Completed: 11-1-23

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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.