

# HOUSE BILL No. 4341

March 12, 2019, Introduced by Reps. Lower and Albert and referred to the Committee on Elections and Ethics.

A bill to amend 1976 PA 388, entitled  
"Michigan campaign finance act,"  
by amending section 55 (MCL 169.255), as amended by 2017 PA 119.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 55. (1) A connected organization may make an expenditure  
2 for the establishment or administration of, and solicitation,  
3 collection, or transfer of contributions to, a separate segregated  
4 fund to be used for political purposes. A separate segregated fund  
5 established by a connected organization under this section shall be  
6 organized as a political committee or an independent committee,  
7 and, in addition to any other disbursements not restricted or  
8 prohibited by law, shall only make contributions to, and  
9 expenditures on behalf of, candidate committees, ballot question

1 committees, political party committees, political committees,  
2 independent expenditure committees, independent committees, and  
3 other separate segregated funds.

4 (2) Contributions for a separate segregated fund established  
5 by a corporation, organized on a for profit basis, or a joint stock  
6 company under this section may be solicited from any of the  
7 following persons or their spouses:

8 (a) Stockholders of the corporation or company.

9 (b) Officers and directors of the corporation or company.

10 (c) Employees of the corporation or company who have policy  
11 making, managerial, professional, supervisory, or administrative  
12 nonclerical responsibilities.

13 (3) Contributions for a separate segregated fund established  
14 under this section by a corporation organized on a nonprofit basis  
15 may be solicited from any of the following persons or their  
16 spouses:

17 (a) Members of the corporation who are individuals.

18 (b) Stockholders or members of members of the corporation.

19 (c) Officers or directors of members of the corporation.

20 (d) Employees of the members of the corporation who have  
21 policy making, managerial, professional, supervisory, or  
22 administrative nonclerical responsibilities.

23 (e) Employees of the corporation who have policy making,  
24 managerial, professional, supervisory, or administrative  
25 nonclerical responsibilities.

26 (4) Contributions for a separate segregated fund established  
27 under this section by a labor organization may be solicited from

1 any of the following persons or their spouses:

2 (a) Members of the labor organization who are individuals.

3 (b) Officers or directors of the labor organization.

4 (c) Employees of the labor organization who have policy  
5 making, managerial, professional, supervisory, or administrative  
6 nonclerical responsibilities.

7 (5) Contributions for a separate segregated fund established  
8 under this section by a domestic dependent sovereign may be  
9 solicited from an individual who is a member of any domestic  
10 dependent sovereign.

11 (6) Contributions must not be obtained for a separate  
12 segregated fund established under this section by use of coercion  
13 or physical force, by making a contribution a condition of  
14 employment or membership, or by using or threatening to use job  
15 discrimination or financial reprisals. A connected organization  
16 shall not solicit or obtain contributions for a separate segregated  
17 fund established under this section from an individual described in  
18 subsection (2), (3), (4), or (5) on an automatic or passive basis  
19 including but not limited to a payroll deduction plan or reverse  
20 checkoff method. A connected organization may solicit or obtain  
21 contributions for a separate segregated fund established under this  
22 section from an individual described in subsection (2), (3), (4),  
23 or (5) on an automatic basis, including but not limited to a  
24 payroll deduction plan, only if the individual who is contributing  
25 to the fund affirmatively consents to the contribution.

26 (7) A contribution by an individual to a separate segregated  
27 fund that is aggregated with a dues or other payment to the

1 connected organization may be collected by or made payable first to  
2 the connected organization for subsequent transfer to the separate  
3 segregated fund if all of the following occur:

4 (a) The individual making the contribution does either of the  
5 following:

6 (i) Specifically indicates in a record or electronic record  
7 that the amount collected, or a specified portion of the total  
8 amount if remitted as part of a dues or other payment to the  
9 connected organization, is a contribution to the separate  
10 segregated fund.

11 (ii) Fails to return a record or electronic record described  
12 in subparagraph (i), but remits payment to the connected  
13 organization in response to a specifically requested amount that  
14 includes a solicited contribution, the solicitation for a  
15 contribution was clearly distinguishable from any dues or other  
16 fees requested as part of the total, and the connected organization  
17 maintains a record or electronic record of the solicitation that  
18 includes the amount of the solicited contribution and the amount of  
19 any dues or other fees charged in conjunction with the solicitation  
20 for each contributor.

21 (b) The connected organization transfers the entire specified  
22 amount of any designated contribution, individually or aggregated  
23 with other contributions, to the separate segregated fund  
24 electronically or by written instrument. Any transfer of designated  
25 contributions must be accompanied by or logically associated with a  
26 record or electronic record setting forth all information required  
27 under section 26 for each individual contributor whose contribution

1 is transferred.

2 (c) The connected organization accounts for any contributions  
3 under this subsection in a manner that documents all of the  
4 following:

5 (i) The identity of the individual contributor.

6 (ii) The date, amount, and method of receipt for each  
7 individual contribution.

8 (iii) The date, amount, and method of all transfers to the  
9 separate segregated fund.

10 (d) The connected organization and the separate segregated  
11 fund adopt a written policy governing the handling, accounting, and  
12 transfer of any contribution under this subsection.

13 (e) In connection with an investigation or hearing under  
14 section 15 regarding any contributions under this subsection, the  
15 connected organization voluntarily agrees to make available to the  
16 secretary of state any records described in subdivisions (a) to (d)  
17 and provides those records at the request of the secretary of  
18 state.

19 **(8) EXPENDITURES BY A SEPARATE SEGREGATED FUND CREATED BY A**  
20 **CONNECTED ORGANIZATION FOR PRINTED MATTER HAVING REFERENCE TO AN**  
21 **ELECTION, A CANDIDATE, OR A BALLOT QUESTION AND MAILED TO MEMBERS**  
22 **OF THAT CONNECTED ORGANIZATION MUST INCLUDE THE FOLLOWING**  
23 **DISCLAIMER:**

24 "PAID FOR BY ..... WITH NONREGULATED FUNDS."  
25 (NAME OF SEPARATE SEGREGATED FUND)

26 (9) ~~(8)~~—Except as otherwise provided in subsection ~~(10)~~, **(11)**,

1 a person who knowingly violates this section is guilty of a felony  
2 punishable, if the person is an individual, by a fine of not more  
3 than \$5,000.00 or imprisonment for not more than 3 years, or both,  
4 or, if the person is not an individual, by a fine of not more than  
5 \$10,000.00.

6 **(10)** ~~(9)~~—If a connected organization that obtains  
7 contributions for a separate segregated fund from individuals  
8 described in subsection (2), (3), (4), or (5) pays to 1 or more of  
9 those individuals a bonus or other remuneration for the purpose of  
10 reimbursing those contributions, then that connected organization  
11 is subject to a civil fine of not more than 2 times the total  
12 contributions obtained from all individuals for the separate  
13 segregated fund during that calendar year.

14 **(11)** ~~(10)~~—If a violation of this section results solely from  
15 the failure of a connected organization to transfer 1 or more  
16 contributions, that connected organization is not guilty of a  
17 felony as described in subsection ~~(8)~~, **(9)**, but shall notify the  
18 contributor of the failure to transfer the contribution and refund  
19 the full amount of the contribution to the contributor if  
20 requested. The penalties described in subsection ~~(8)~~ **(9)** apply to  
21 any other violation of this section, including use or diversion of  
22 any contributions by a connected organization before those  
23 contributions are transferred to the separate segregated fund under  
24 subsection (7).

25 **(12)** ~~(11)~~—As used in this section:

26 (a) "Connected organization" means either of the following:

27 (i) A corporation organized on a for-profit or nonprofit

1 basis, a joint stock company, a domestic dependent sovereign, or a  
2 labor organization formed under the laws of this or another state  
3 or foreign country.

4 (ii) A member of any entity under subparagraph (i) that is not  
5 an individual and that does not maintain its own separate  
6 segregated fund, unless its separate segregated fund and the  
7 separate segregated fund of the entity of which it is a member are  
8 treated as a single independent committee as provided in section  
9 52(10).

10 (b) "Record" and "electronic record" mean those terms as  
11 defined in section 2 of the uniform electronic transactions act,  
12 2000 PA 305, MCL 450.832.

13 (c) "Written instrument" means a money order, or a check,  
14 cashier's check, or other negotiable instrument, as those terms are  
15 defined in section 3104 of the uniform commercial code, 1962 PA  
16 174, MCL 440.3104, in the name of the connected organization and  
17 payable to the separate segregated fund.