

**THE MINUTES OF THE HOUSE STANDING COMMITTEE
ON
FINANCIAL LIABILITY REFORM**

Thursday, March 20, 2014

9:00 a.m.

Room 519 House Office Building

The House Standing Committee on Financial Liability Reform was called to order by **Representative Earl Poleski**, Chair.

MEMBERS PRESENT: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, Jacobsen, Cavanagh, Irwin, Robinson, and Barnett.

MEMBERS ABSENT/EXCUSED: None.

Representative Victory moved to adopt the minutes of the **March 6, 2014**, meeting. There being no objection, the motion prevailed by unanimous consent.

Chair Poleski laid **HB 5380** before the committee:

HB 5380 (Franz) Legislature; other; qualifications, appointment, and duties of delegates to an article V convention; provide for.

The following person submitted a card but did not wish to speak:

Charles Owens, representing the National Federation of Independent Business (NFIB), supports the bill.

Representative Victory moved to adopt the substitute (**H-3**) to **HB 5380**.

The motion prevailed by a vote of **9-1-0**.

FAVORABLE ROLL CALL

Yeas: Representatives Poleski, Victory, Denby, McMillin, Callton, Jacobsen, Cavanagh, Irwin, and Barnett,

Nays: Representative Robinson,

Pass: None.

Representative Irwin moved to adopt the following amendments to **HB 5380 (H-3)**:

1. Amend page 1, line 2, after "individual" by striking out "appointed" and inserting "elected".
2. Amend page 1, line 8, after "individual" by striking out "appointed" and inserting "elected".
3. Amend page 2, line 6, after "called," by striking out the balance of the subsection and inserting "at an election to be held not later than 6 months after the convention is called, the electors of each state house of representatives district shall elect 1 delegate and 1 alternate and the electors of each state senate district shall elect 1 delegate and 1 alternate at a partisan election."
4. Amend page 3, line 14, by striking out all of subsections (3) and (4) and renumbering the remaining subsections.
5. Amend page 3, line 23, after "after" by striking out "designation" and inserting "election".
6. Amend page 4, line 4, by striking out "(6)" and inserting "(4)".

The motion did not prevail by a vote of **3-8-0**.

UNFAVORABLE ROLL CALL

Yeas: Representatives Cavanagh, Irwin, and Barnett,
Nays: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, Jacobsen, and Robinson,
Pass: None.

Representative Irwin moved to adopt the following amendments to **HB 5380 (H-3)**:

1. Amend page 1, line 2, after "individual" by striking out "appointed" and inserting "elected".
2. Amend page 1, line 8, after "individual" by striking out "appointed" and inserting "elected".
3. Amend page 2, line 6, after "called," by striking out the balance of the subsection and inserting "1 delegate and 1 alternate for this state shall be elected from each state house of representatives district."
4. Amend page 3, line 14, by striking out all of subsections (3) and (4) and renumbering the remaining subsections.
5. Amend page 3, line 23, after "after" by striking out "designation" and inserting "election".
6. Amend page 4, line 4, by striking out "(6)" and inserting "(4)".

The motion did not prevail by a vote of **3-8-0**.

UNFAVORABLE ROLL CALL

Yeas: Representatives Cavanagh, Irwin, and Barnett,
Nays: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, Jacobsen, and Robinson,

Pass: None.

Representative Irwin moved to adopt the following amendment to **HB 5380 (H-3)**:

1. Amend page 2, line 7, after "appointed" by inserting a comma and "upon approval by a majority of the members elected to and serving in each house of the legislature by a record roll call vote,".

The motion did not prevail by a vote of **4-7-0**.

UNFAVORABLE ROLL CALL

Yeas: Representatives Cavanagh, Irwin, Robinson, and Barnett,

Nays: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, and Jacobsen,

Pass: None.

Representative Irwin moved to adopt the following amendment to **HB 5380 (H-3)**:

1. Amend page 3, line 11, after "(d)" by striking out "Not be" and inserting "Never have been registered as".

The motion did not prevail by a vote of **3-7-1**.

UNFAVORABLE ROLL CALL

Yeas: Representatives Cavanagh, Irwin, and Barnett,

Nays: Representatives Victory, Denby, McMillin, Schmidt, Callton, Jacobsen, and Robinson,

Pass: Representative Poleski.

Representative Irwin moved to adopt the following amendment to **HB 5380 (H-3)**:

1. Amend page 3, following line 13, by inserting:
"(f) Never have served as a state representative or state senator."

The motion did not prevail by a vote of **2-9-0**.

UNFAVORABLE ROLL CALL

Yeas: Representatives Cavanagh and Barnett,

Nays: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, Jacobsen, Irwin, and Robinson,

Pass: None.

Representative Irwin moved to adopt the following amendment to **HB 5380 (H-3)**:

1. Amend page 4, following line 4, by inserting:

"(8) A writing prepared, owned, used, in the possession of, or retained by a delegate or alternate in the performance of an official function is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246."

The motion did not prevail by a vote of **3-7-0**.

UNFAVORABLE ROLL CALL

Yeas: Representatives Cavanagh, Irwin, and Barnett,

Nays: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, and Robinson,

Pass: None.

Representative Irwin moved to adopt the following amendment to **HB 5380 (H-3)**:

1. Amend page 4, following line 6, by inserting:

"Sec. 4. (1) Subject to subsections (4), (5), and (6) and except as provided in subsection (7), a delegate or alternate shall file a report with the bureau of elections within 30 days of appointment under section 2. A report required by this section shall include a complete statement of all of the following:

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

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

(c) The name and address of each employer of the individual filing the report during the preceding calendar year.

(d) Both of the following, as applicable:

(i) The source, type, and amount or value of earned income received during the preceding calendar year by the individual filing the report if the total earned income from that source equals \$1,000.00 or more during that calendar year.

(ii) The source and type of earned income received during the preceding calendar year by the spouse of the individual filing the report if the total earned income from that source equals \$1,000.00 or more during that calendar year.

(e) The source, type, and amount or value of all other income not reported under subdivision (d) that is received during the preceding calendar year by the individual filing the report or a member of the immediate family of that individual if the total income from that source equals \$1,000.00 or more during that calendar year.

(f) The identity and value of each asset held during the preceding calendar year by the individual filing the report or a member of the immediate family of that individual, including real or personal property or cash, if the asset had a fair market value of \$10,000.00 or more at any time the asset was held during the preceding calendar year. However, if the individual filing the report owns or has an interest in all or a portion of a farm or business, the identity and value of each asset held during the preceding calendar year that is used in the operation of the farm or business is not required to be reported under this subdivision if the report includes a complete statement of the identity and value of the farm or business.

(g) The identity and value of each liability owed during the preceding calendar year by the individual filing the report or a member of the immediate family of that individual if the amount of the liability was \$10,000.00 or more at any time during the preceding calendar year. This subdivision does not apply to loans secured by the principal residence of the individual

filing the report or by a personal motor vehicle, household furniture, or appliance, if the loans do not exceed the greater of the purchase price or the market value of the item that secures the liability.

(h) A brief description and value of a purchase, sale, or exchange of real property, other than real property used solely as a principal residence by the individual filing the report and his or her immediate family, or of stocks, bonds, commodities, futures, or other forms of securities during the preceding calendar year by the individual filing the report or a member of the immediate family of that individual, if the value is \$1,000.00 or more. This subdivision does not require a description of each purchase, sale, or exchange of stocks, bonds, commodities, or other forms of securities if those items are part of a mutual fund and if the identity and value of the mutual fund is otherwise reported under this act.

(i) Except as otherwise provided in this subdivision, the identity of all positions held by the individual filing the report during the preceding calendar year as an officer, director, member, trustee, partner, proprietor, representative, employee, or consultant of a corporation, limited liability company, limited partnership, partnership, or other business enterprise; of a nonprofit organization; of a labor organization; or of an educational or other institution other than this state. An individual filing the report who is required to have a license to practice or engage in a particular occupation or profession is not required to identify a position held as a consultant of a corporation unless the corporation is a publicly held corporation that has shares that are listed or traded over the counter or on an organized exchange or has gross revenues over \$4,000,000.00. This subdivision does not require the reporting of a position held in a religious, social, fraternal, or political entity, or of a position solely of an honorary nature.

(j) If the individual filing the report has an agreement or has made an arrangement with respect to future employment, a leave of absence during that individual's term of office, continuation of payments by a former employer, or continuation of participation in an employee benefit plan maintained by a former employer, a description of the agreement or arrangement, including the dates, parties, and terms.

(2) Information an individual is required to report under this section shall include information with respect to the holdings of a trust that is not an irrevocable trust and the income from any trust or other financial arrangement from which income is received by, or with respect to which a beneficial interest in principal or income is held by, an individual required to file a report under this section or an immediate family member of the individual.

(3) If an individual is required to report information under this section, he or she is not required to identify any particular member of his or her immediate family in that information.

(4) An amount or value reported under subsection (1)(d), (e), (f), or (h) shall be reported by category as follows:

- (a) \$1,000.00 or more but less than \$10,000.00.
- (b) \$10,000.00 or more but less than \$50,000.00.
- (c) \$50,000.00 or more but less than \$100,000.00.
- (d) \$100,000.00 or more but less than \$500,000.00.
- (e) \$500,000.00 or more.

(5) An amount or value reported under subsection (1)(g) shall be reported by category as follows:

- (a) \$10,000.00 or more but less than \$50,000.00.
- (b) \$50,000.00 or more but less than \$100,000.00.
- (c) \$100,000.00 or more but less than \$500,000.00.

(d) \$500,000.00 or more.

(6) Instead of specifying the category of the amount or value of an item in a report under this act, an individual may indicate the exact amount or value of the item.

(7) A report under this section may omit any of the following:

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

(b) A liability owed to the individual filing the report or a relative within the third degree of consanguinity to that individual if lent by the individual filing the report or a relative within the third degree of consanguinity to that individual.

(c) An item otherwise required to be reported under subsection (1)(f), (g), or (h) if all of the following apply:

(i) The item represents the sole financial interest and responsibility of a member of the immediate family of the individual filing the report about which the individual filing the report does not have actual knowledge.

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

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

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

(e) An item that concerns income or obligations of the individual filing the report arising from dissolution of his or her marriage or a permanent legal separation from his or her spouse.

(f) Compensation from a publicly held corporation that has shares that are listed or traded over the counter or on an organized exchange paid to a business owned by the individual filing the report or in which the individual filing the report has an interest, if the report under this section includes a complete statement of the identity and value of that business and the individual filing the report is required to have a license as described in subsection (1)(i).

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

(h) Information concerning assets in or income from a Michigan education trust contract."

The motion did not prevail by a vote of **3-7-0**.

UNFAVORABLE ROLL CALL

Yeas: Representatives Cavanagh, Irwin, and Barnett,

Nays: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, and Robinson,

Pass: None.

Representative Barnett moved to adopt the following amendments to **HB 5380 (H-3)**:

1. Amend page 1, line 2, after "individual" by striking out "appointed" and inserting "elected".
2. Amend page 1, line 8, after "individual" by striking out "appointed" and inserting "elected".
3. Amend page 2, line 6, after "called," by striking out the balance of the subsection

and inserting "1 delegate and 1 alternate shall be elected from each congressional district in this state."

4. Amend page 3, line 14, by striking out all of subsections (3) and (4) and renumbering the remaining subsections.
5. Amend page 3, line 23, after "after" by striking out "designation" and inserting "election".
6. Amend page 4, line 4, by striking out "(6)" and inserting "(4)".

The motion did not prevail by a vote of **3-7-0**.

UNFAVORABLE ROLL CALL

Yeas: Representatives Cavanagh, Irwin, and Barnett,
Nays: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, and Robinson,
Pass: None.

Representative Barnett offered the following amendments to **HB 5380 (H-3)**:

1. Amend page 1, line 2, after "individual" by striking out "appointed" and inserting "elected".
2. Amend page 1, line 8, after "individual" by striking out "appointed" and inserting "elected".
3. Amend page 2, line 6, after "called," by striking out the balance of the subsection and inserting "7 delegates and 7 alternates shall be elected at large."
4. Amend page 3, line 14, by striking out all of subsections (3) and (4) and renumbering the remaining subsections.
5. Amend page 3, line 23, after "after" by striking out "designation" and inserting "election".
6. Amend page 4, line 4, by striking out "(6)" and inserting "(4)".

Subsequent to discussion **Representative Barnett** withdrew the amendments.

Representative Barnett moved to adopt the following amendments to **HB 5380 (H-3)**:

1. Amend page 1, line 2, after "individual" by striking out "appointed" and inserting "selected".
2. Amend page 1, line 8, after "individual" by striking out "appointed" and inserting "selected".

The motion did not prevail by a vote of **3-7-0**.

UNFAVORABLE ROLL CALL

Yeas: Representatives Cavanagh, Irwin, and Barnett,
Nays: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, and Robinson,
Pass: None.

Representative Barnett moved to adopt the following amendments to **HB 5380 (H-3)**:

1. Amend page 1, line 2, after "individual" by striking out "appointed" and inserting "elected".
2. Amend page 1, line 8, after "individual" by striking out "appointed" and inserting "elected".
3. Amend page 2, line 6, after "called," by striking out the balance of the subsection and inserting "9 delegates and 9 alternates shall be elected at large."
4. Amend page 3, line 14, by striking out all of subsections (3) and (4) and renumbering the remaining subsections.
5. Amend page 3, line 23, after "after" by striking out "designation" and inserting "election".
6. Amend page 4, line 4, by striking out "(6)" and inserting "(4)".

The motion did not prevail by a vote of **3-7-0**.

UNFAVORABLE ROLL CALL

Yeas: Representatives Cavanagh, Irwin, and Barnett,

Nays: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, and Robinson,

Pass: None.

Representative McMillin moved to report **HB 5380** with recommendation as substitute (**H-3**).

The motion prevailed by a vote of **7-4-0**.

FAVORABLE ROLL CALL

Yeas: Representatives Poleski, Victory, Denby, McMillin, Schmidt, Callton, and Jacobsen,

Nays: Representatives Cavanagh, Irwin, Robinson, and Barnett,

Pass: None.

There being no further business to come before the committee, the Chair adjourned the meeting at 9:46 a.m.

Representative Earl Poleski, Chair
House Standing Committee on Financial Liability Reform
Doug Simon
Acting Committee Clerk
517-373-8099
46 Minutes