



NOVEMBER
2026
BALLOT PROPOSAL
26-2

An Overview

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Proposal 2026-2

On November 3, 2026, Michigan electors will have the opportunity to vote on Proposal 2026-2, which would amend the Michigan Campaign Finance Act (MCFA) by amending Sections 1, 3, 5, 6, 9, 44, 47, and 51, (MCLs 169.201, 169.203, 169.205, 169.206, 169.209, 169.244, 169.247, and 169.251) and adding Sections 30a and 30b. Proposal 2026-2 is the result of an initiative petition, and will appear on the ballot as follows:

A proposed initiated law to prohibit campaign contributions from certain regulated utilities and government contractors and apply campaign finance laws and regulations to additional types of political communications

The proposal would:

- Prohibit regulated electric and gas utilities, contractors with over \$250,000 annually in government contracts, and people and organizations with substantial connections to these utilities/contractors from making direct or indirect campaign contributions to those who run for or hold offices that impact them.
- Expand laws governing spending on political communications, including those requiring disclosing donor information, to apply to communications clearly identifying candidates or ballot questions, even if they do not expressly advocate voting for/against them.
- Expressly apply the law requiring disclosure of who paid for political communications to internet political communications.

Should this proposal be adopted?

YES []

NO []

If a majority of the electors vote "yes" on Proposal 2026-2, the MCFA would be amended accordingly.

Summary of the Issue

The MCFA governs political contributions and campaign expenditures in the State, prescribes requirements for reporting on contributions and expenditures and for disclosing information about the person paying for specific campaign advertisements, and prescribes penalties against any person for violating its requirements. The Act defines "person" broadly to include individuals and entities. As a result, companies and individual contributors are subject to the same governance, regulations, and reporting standards; however, there is one area in which any person may contribute an unlimited amount of funds without reporting the donation, and that is electioneering communications via political action committees (PACs). An issue advertisement is directly related to advertisements supporting or opposing ballot measures or candidates and is subject to the same disclosure and reporting requirements as traditional campaign advertisements because the name of the PAC, but not its contributors, must be disclosed.¹

Proposed Amendments to the MCFA

Prohibiting Utilities from Making Political Contributions

The proposal would amend the MCFA to prohibit an electric or gas utility that is regulated by the Michigan Public Service Commission (MPSC), a principal (i.e., generally, a director, officer,

¹ In Michigan, a PAC is any person or group that receives or spends \$500 or more in a calendar year in connection with State or local elections. In the case of groups that form a PAC, the PAC itself must be disclosed on advertisements but not individual contributors.

or majority or substantial shareholder (i.e., a shareholder who owns 5% or more of the utility)) of such a utility, or an entity that was affiliated with such a utility from making a contribution or donation directly or indirectly to any of the following:

- The Governor, Attorney General, a State senator, a State representative, or a candidate for such office.
- A State or local party committee.
- A committee, other than an independent expenditure committee or ballot question committee, that made contributions to a candidate for an office described above.
- A member of the MPSC.

An MPSC-regulated utility also could not make a contribution to an entity that was affiliated with the Governor, Attorney General, a State senator, a State representative, a candidate for such offices, or a member of the MPSC, and that did at least one of the following:

- Spent more than \$500 in the aggregate in an election cycle to make contributions to the person affiliated with the entity, made expenditures in support of the person affiliated with the entity or opposing the person's opponent, or made electioneering communications referencing the person affiliated with the entity or the person's opponent.
- Paid for or reimbursed expenses, such as travel, meals, or conference fees, of the person affiliated with the entity.

"Electioneering communication" would mean a public communication by means of any broadcast, cable, or satellite communication, newspaper, magazine, outdoor advertising facility, mass mailing, telephone calls of an identical or substantially similar nature, internet communication, or any other form of general public communication that references a clearly identifiable candidate and targets the candidate's relevant electorate.

The proposal specifies that an entity would be affiliated with an MPSC-regulated utility if the entity were directly or indirectly established, financed, maintained, or controlled by the utility or a principal of the utility. An entity would be affiliated with the offices described above if the person in those offices or the agents, immediate family, or staff members of the persons in those offices did at least one of the following:

- Directly or indirectly established, financed, maintained, or controlled the entity.
- Had solicited funds for the entity within the prior two years, unless the entity was an organization exempt from Federal income tax as a nonprofit entity.
- Served in an executive or managerial capacity for the entity; this would not apply if the person were a covered candidate's or official's agent, immediate family, or staff member who did not participate in and did not have actual or implicit authority to affect the entity's decisions concerning spending

(Under current law, "expenditure" means 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 term currently includes a contribution or a transfer of anything of ascertainable monetary value for purposes of influencing 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 proposal would expand the definition to include a public communication that did any of the following:

- Expressly advocated for or against the nomination or election of a candidate or the qualification, passage, or defeat of a ballot question.
- Promoted, supported, attacked, or opposed a candidate, regardless of whether the communication expressly advocated the election or defeat of a candidate.

- Promoted, supported, attacked, or opposed the qualification, passage, or defeat of a ballot question, regardless of whether the communication expressly advocated for or against such qualification, passage, or defeat.)

An MPSC-regulated utility that violated these provisions would be subject to a maximum civil fine of 10 times the amount of the contribution or donation. The Secretary of State (SOS) would have to investigate alleged violations consistent with the current process outlined in the Act. If the SOS determined that a violation could have occurred, and if the offending utility refused to pay the civil fine, the Attorney General could bring an action to collect the fine.

Prohibiting Government Contractors from Making Political Contributions

Under the proposal, a State government contractor that entered into or was seeking to enter into one or more contracts with the State government that exceeded \$250,000 in the aggregate in a calendar year, a subcontractor of that contractor, a principal of that contractor, or an entity that was affiliated with that contractor could not contribute or donate directly or indirectly to any of the following:

- A candidate for State elective office.
- A committee, other than an independent expenditure committee or ballot question committee, that made contributions to one or more candidates for State elective office.
- An entity that was affiliated with a candidate for State elective office and that spent more than \$500 in the aggregate in an election cycle to make contributions to the candidate affiliated with the entity, made expenditures in support of the candidate affiliated with the entity or opposing the candidate's opponent, made electioneering communications, referencing the candidate affiliated with the entity or the candidate's opponent, or paid for or reimbursed expenses, such as travel, meals, or conference fees, of the candidate.

Similarly, the proposal would prohibit a local government contractor that entered into or was seeking to enter into one or more contracts with a local government that exceeded \$250,000 in the aggregate in a calendar year, a subcontractor of that contractor, a principal of that contractor, or an entity that was affiliated with that contractor from contributing or donating directly or indirectly to any of the following:

- A candidate for elective office in the contracting jurisdiction.
- A committee, other than an independent expenditure committee or ballot question committee, that made contributions to one or more candidates for elective office in the contracting jurisdiction.
- An entity that was affiliated with a candidate for elective office in the contracting jurisdiction and spent more than \$500 in aggregate in an election cycle to make contributions to the candidate affiliated with the entity, made expenditures in support of the candidate affiliated with the entity, made expenditures in support of the candidate affiliated with the entity or opposing the entity's opponent, made electioneering communications referencing the candidate affiliated with the entity or the candidate's opponent, or paid for or reimbursed expenses such as travel, meals, or conference fees, of the candidate.

The prohibitions above would not be enforceable until 18 months after the proposal's effective date, except in certain circumstances.

The proposal prescribes the scope for determining affiliation with a government contractor, and that scope is similar to that prescribed for determining affiliation with an MPSC-regulated utility as described above; however, these affiliations would not apply if the person were a covered candidate's agent, immediate family, or staff member who did not participate in and did not have actual or implicit authority to affect the entity's decisions concerning spending.

If a government contractor, principal of a government contractor (i.e., a director, majority or substantial owner, officer, an immediate family of any of the preceding individuals, or agent), or entity that was affiliated with a government contractor knowingly and willingly made a prohibited contribution or donation, the contracting agency could cancel the existing contract with the government contractor and no State or local agency could award the contractor a contract for 12 months after the election for which the contribution or donation was made. A person would not be in violation of the prohibitions if the prohibited contribution or donation were returned to the contributor or donor within 30 days from the date the recipient knew or should have known the contribution or donation was made by a prohibited source.

"Contract" would mean an agreement of contract, let through a procurement process or otherwise, for the rendition of services; the furnishing of any goods, material, supplies, equipment, or any items of any kind; the construction, alteration, or repair of any public building or public work; or the acquisition, sale, or lease of any land or building. The term would not mean loans or loan guarantees, subsidies or grants allocated through the appropriations process, collective bargaining agreements, or agreements between political subdivisions of the State.

Electioneering Communications Transparency Requirements

The Act generally requires a billboard, placard, poster, or other printed matter having reference to an election, a candidate, or a ballot question to display an identification that contains the name and address of the person paying for the matter. The proposal would add an internet communication to this list. Additionally, if internet communication related to a candidate were an independent expenditure that was not authorized in writing by the candidate committee of that candidate, the internet communication would have to include the following disclaimer: "Not authorized by any candidate committee".

"Internet communication" would mean any public communication over the internet that is placed or promoted for a fee on another person's website, digital device, application, or advertising platform.

In addition, any audio or video paid advertisement that had reference to an election, a candidate, or a ballot question would have to identify the sponsoring person as required by the Federal Communications Commission, bear an identification that contained the name of the person paying for the advertisement, and comply with the following:

- If an audio or video paid advertisement related to a candidate and was an independent expenditure, the advertisement would have to contain the disclaimer, "Not authorized by any candidate".
- If an audio or video paid advertisement related to a candidate and was not an independent expenditure but was paid for by a person other than the candidate to which it was related, the advertisement would have to contain "Authorized by....." (name of candidate or candidate committee).

In the case of any internet communication disseminated through a medium in which the provision of all the information specified was not technologically possible, the communication would have to provide the following in a clear and conspicuous manner:

- The name of the person who paid for the communication.
- A means for the recipient of the communication to immediately obtain the remainder of the information required with minimal effort and without receiving or viewing any additional material other than the required information.

A person who claimed their internet communication lacked sufficient space for the information required would have to establish, at the SOS's request, that this exemption had been met. Each identification required also would have to indicate that the audio or video paid

advertisement was paid for "with regulated funds", and any audio or video paid advertisement that was not subject to this would not be allowed to bear that statement. Each of these requirements described above also would apply to electioneering communications.

Reporting Requirements

Currently, the Act requires that a person, other than a committee, who makes an independent expenditure advocating the election or defeat of a candidate or the qualification, passage, or defeat of a ballot question in an amount of \$500.01 or more in a calendar year to report the expenditure within 10 days after making it with the clerk of the county of residence of that person. If the independent expenditure advocates for the election or defeat of a candidate for a State elective office or a judicial office, or for the qualification, passage, or defeat of a statewide ballot question, or if the person making the independent expenditure is not a resident of the State, the person must file the report with the SOS instead. The proposal would require the person to file a subsequent report within 10 days of making additional independent expenditures aggregating \$500.01 or more in the calendar year.

Under the proposal, if a person making independent expenditures or electioneering communications failed to file a report, that person would have to pay a late filing fee in line with current late filing fee penalties. Under the Act, the amount of a late filing fee depends on the amount of money originally spent on the independent expenditure. A person who violates the filing requirement for more than 30 days is guilty of a misdemeanor punishable by up to 90 days' imprisonment or a maximum fine of \$1,000, or both.

The proposal would require any person, other than a committee, who made electioneering communications aggregating \$5,000 or more in a calendar year to file a report within 10 days of making electioneering communications in excess of \$5,000. The person would have to file a subsequent report within 10 days of making additional electioneering communications aggregating more than \$5,000 in the calendar year. The required report would have to include the dates and amounts of the disbursements for the communications and all the candidates clearly identified in the communications, among other things.

"Clearly identify or clearly identifiable" would mean identifying a candidate by name, photograph, nickname, drawing, image or inference; identifying a ballot question by name, acronym, popular title, official title, number, or symbol associated with the ballot question; or making unambiguous reference to a candidate or ballot question using a phrase such as "the governor", "the incumbent", or "your representative" or through an unambiguous reference to his or her status as a candidate such as "the Republican candidate for Secretary of State".

Views on Proposal 26-2

Thirty-eight states specifically require the disclosure of sponsors of political advertisements and electioneering communications to appear on internet communications, however, Michigan does not.² There are concerns that the current law does not go far enough to ensure transparency in campaign financing, providing anonymity to large donors who may have made substantial donations to candidates before running electioneering communications. Proponents believe that expanding campaign finance disclosure laws to mandate reporting for spending \$5,000 or more on electioneering communications would increase transparency and close the loophole.

Additionally, proponents believe that companies benefitting from State funds through government contracts should not be allowed to donate to political campaigns. One study found that over 80% of State legislators accepted political spending from energy utility companies, some of which receive State funds through contracts or rely on the Legislature to determine

² Coalition for Integrity, "The State Campaign Finance Index", 2022; Eric Walcott, "Statewide Ballot Proposal 26-2: Michiganders for Money Out of Politics", 2026.

rate increases.³ Proponents cite concerns that the large amount of donations from these groups may disproportionately affect votes in ways that benefit companies rather than Michigan residents.

Opponents believe that the passage of the proposal would result in an expansion of government regulation over speech with a disproportionate impact on business owners and their employees. Specifically, opponents cite concerns that passing a law that bars a specific industry from financially supporting a candidate for office sets a bad legal precedent by selectively limiting free speech for specific groups. In addition, opponents have expressed concern about the possibility of a series of potentially expensive court challenges.⁴ This proposal, they contend, could violate the United States Supreme Court's decision *Citizen's United v. FEC* decision (or could lead to a similarly successful challenge).⁵

Fiscal Impact

Department of Attorney General

The proposal would have a minor negative fiscal impact on the Department of the Attorney General. The Department would incur costs when pursuing action against an MPSC-regulated utility that refused to pay its fines. Existing appropriations likely would be sufficient to cover a small number of actions; however, a high volume of these cases could require one or more additional full-time equivalent (FTE) authorizations. The average annual cost of an FTE is currently estimated at about \$145,700.

Courts

The proposal could have a minor negative fiscal impact on State district courts. The proposal would prescribe misdemeanor penalties for violations; misdemeanor violations are heard by district courts. Any impact would be determined by the volume of hearings required for violations alleged under the language of the proposal.

Corrections and Fines

Adoption of the proposal would have negative and corresponding positive fiscal impacts on local government. New misdemeanor arrests and convictions under the proposal could increase resource demands on law enforcement, court systems, community supervision, and jails. Jail costs vary by local jurisdiction; however, it is unknown how many people would be prosecuted. Additionally, a fine up to \$1,000 benefiting local libraries could be imposed. The proposal also would impose new civil fines on MPSC-regulated electric or gas utilities of up to 10 times the contribution amount. Revenue collected from civil fines is used to support local libraries and county law libraries. The amount of revenue for local libraries is indeterminate and would depend on the actual number of violations.

Department of State

The proposal could have a negative fiscal impact on the Department of State, depending on the number of investigations into potential violations that it conducted. While these costs are already incurred by the Department for current investigations, additional cases undertaken due to the proposal's adoption could require one or more additional FTE authorizations. The average annual cost of an FTE is currently estimated at \$145,700.

³ Energy and Policy Institute, "Utility campaign giving nears \$500K as Michigan lawmakers weigh energy bills", 2023.

⁴ Detroit Chamber, "Vote 'No' on Prop 2, Protect Free Speech". Retrieved 9-25-2026.

⁵ National Conference of State Legislatures, "Citizens United and the States", Updated July 21, 2016. In *Citizen's United*, the US Supreme Court held that a Federal law that limited corporate funding of independent political broadcasts in elections was unconstitutional under the First Amendment.