



1997 ASSEMBLY BILL 511

September 16, 1997 - Introduced by Representatives JOHNSRUD, GARD, JENSEN, BRANDEMUEHL, ALBERS, STASKUNAS, SERATTI and OTT, cosponsored by Senator ROESSLER. Referred to Committee on Campaign Finance Reform.

- 1 **AN ACT** *to amend* 13.68 (3); and *to create* 13.626, 13.64 and 13.68 (1) (f) of the
2 statutes; **relating to:** business and financial activity by certain principals that
3 offer memberships for sale.

Analysis by the Legislative Reference Bureau

Currently, a principal which engages in lobbying activity that is not exempted from reporting must file semiannual reports with the state ethics board identifying total expenditures made and obligations incurred for lobbying and providing certain other information.

This bill provides, in addition, that, if a principal is a membership organization that is operated as a profit-making enterprise and that charges a fee for membership, the principal must also include in its semiannual report a financial statement fairly representing the financial operations of the organization which contains such information as the ethics board requires in sufficient detail to permit public evaluation of its operations and which includes a statement of the principal's gross receipts from memberships and other contributions, fund-raising expenses, including a separate statement of the cost of any goods, services or admissions supplied as part of its solicitations, and the disposition of its net proceeds from membership fees and other contributions, including any amount paid to any officer or manager of the principal for salaries or expenses. The statement must be accompanied by an opinion signed by a certified public accountant that the statement fairly reflects the financial operations of the organization in sufficient detail to permit public evaluation of its organization.

The bill also prohibits any principal which is a membership organization that charges a fee for membership from entering into a contract with an individual for membership if the individual enters into the contract in reliance upon any false,

fraudulent, deceptive or misleading information, representation, notice or advertisement by the principal.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 13.626 of the statutes is created to read:

2 **13.626 Fraudulent practices by membership organizations.** No
3 principal which is a membership organization that charges a fee for membership
4 may enter into a contract with an individual for membership if the individual enters
5 into the contract in reliance upon any false, fraudulent, deceptive or misleading
6 information, representation, notice or advertisement by the principal. Any such
7 contract is not enforceable by the principal against the individual.

8 **SECTION 2.** 13.64 of the statutes is created to read:

9 13.64 (1) (f) An indication of whether the principal is a business entity
10 operating as a membership organization that charges a fee for membership.

11 **SECTION 3.** 13.68 (1) (f) of the statutes is created to read:

12 13.68 (1) (f) If the principal is a business entity operating as a membership
13 organization that charges a fee for membership, a financial statement fairly
14 representing the financial operations of the organization which contains such
15 information as the board requires in sufficient detail to permit public evaluation of
16 its operations and which includes a statement of the principal's gross receipts from
17 memberships and other contributions, fund-raising expenses, including a separate
18 statement of the cost of any goods, services or admissions supplied as part of its
19 solicitations, and the disposition of its net proceeds from membership fees and other
20 contributions, including any amount paid to any officer or manager of the principal
21 for salaries or expenses. The statement shall be accompanied by an opinion signed

1 by an independent certified public accountant that the statement fairly reflects the
2 financial operations of the organization in sufficient detail to permit public
3 evaluation of its operation.

4 **SECTION 4.** 13.68 (3) of the statutes is amended to read:

5 13.68 (3) EXEMPT ACTIVITIES. Lobbying expenditures made and obligations
6 incurred for activities identified under s. 13.621 (1) (a) to (f) and (3) are not required
7 to be reported under sub. (1) (a) to (e), regardless of whether the principal or a
8 lobbyist for the principal also engages in lobbying activities which are not identified
9 in s. 13.621 (1) (a) to (f) and (3).

10 **SECTION 5. Initial applicability.**

11 (1) This act first applies with respect to the reporting period under section 13.62
12 (12r) of the statutes that first commences after the effective date of this subsection.

13

(END)