

CAMPAIGN FINANCE DISCLOSURE for CANDIDATES - 2012

MICHIGAN DEPARTMENT OF STATE
BUREAU OF ELECTIONS (10/11)



Getting Settled

- **Welcome!!**
- **Location of Bathrooms**
- **Location of Drinking Fountains and Refreshments**
- **When will Breaks Occur and Length of Breaks**
- **How will Questions be Addressed**
- **Request for a Timekeeper**
- **Reminder: Please Silence all Cell Phones**
- **Review Packet and Materials**
(Please fill out evaluation before you leave!)
- **Review Length of Presentation and Expectations for Finishing**

Introduction

- The Michigan Campaign Finance Act (MCFA) provides for public disclosure of the funds spent and received to support or oppose candidates and ballot issues
- Candidate and other committee types are required to register and file campaign statements with the appropriate filing official
- This session will introduce you to the disclosure requirements for candidate committees
- Candidate Committee Manual

TOPICS:

- **Types of Committees**
- **Definition of a Candidate**
- **Statement of Organization**
- **Reporting Waiver**
- **Campaign Statements and Filing Dates**
- **Contributions, Limits and Election Cycles**
- **Expenditures**
- **Debts and Obligations**
- **Fundraising Events**
- **Merts Plus Software**
- **Dissolving a Candidate Committee**
- **Identification Requirements**
- **Notices and Good Cause Waivers**
- **Referrals and Complaints**
- **Rulings & Interpretative Statements**



Types of Committees

- **Candidate Committee (state or local only, not Federal) - *yellow manual***
- **Gubernatorial Committee – *purple manual***
- **Political and Independent Committees (PAC) or Caucus Committees – *blue manual***
- **Political Party Committee (State Central, Congressional or County) – *green manual***
- **Ballot Question Committee (BQ) May not support or oppose candidates – *pink manual***

Definition of "Committee"

- **Candidate Committee means a committee established by the candidate in order to run for state or local office - A Candidate Committee may consist of only the candidate who may serve as their own treasurer (Judicial Exception)**
- **Other Committee Types: PACs, Political Party or Ballot Question Committee consist of any group of 2 or more persons acting jointly to influence Michigan election(s) and who spend or receive \$500 or more during a calendar year**

Definition of "Candidate"

A person who:

- Files an affidavit, fee or petition to appear on the ballot
- Spends or receives any funds to further their nomination or election to office, or gives someone else permission to do so on their behalf
- Is nominated at a party convention or caucus
- Is a write-in candidate who is nominated or elected (see Manual for details)

A candidate is NOT a person running for precinct delegate, certain school board candidates, federal candidates and non publicly elected positions such as Indian Tribal Counsel or corporate position

Time Frames used in the MCFA

- **Calendar Days vs. Business Days**
- **Calendar Year: January 1- December 31**
- **Per Election: Begins the day after one election until the day of the next election. Elections (Includes Primary, General, Convention, Caucus, Recall and Special)**
- **Coverage Period: Time Period covered by a Campaign Statement**
- **Election Cycle: Begins the Day after a General Election for an office and ends on the day of the next General Election. Is the same length of time as the term of office**

Statement of Organization Form Registering the Committee

Candidates must file a Statement of Organization form with their filing official within a maximum of 20 calendar days after meeting the definition of a candidate

10 days allowed to form the committee

10 days to file

The Statement of Organization will be timely if sent by certified or registered mail or an overnight delivery service on or before the filing deadline - Forms sent by 1st class mail or any other means are considered late if received after the filing deadline.

Statement of Organization Form Registering the Committee

Where to File

- Secretary of State/Bureau of Elections: State Level and Judicial Candidates
- County Clerks: County, City, Township, Village or School District Candidates running for an office within a single county file with the County Clerk of their county of residence. Offices that cross county lines file with the County Clerk with the most eligible voters

Statement of Organization

- Lets Review the Form in your packet
- Identification Number (Issued by filing official)
- Amendments (Required when information changes)
- Committee Name (must contain candidate name – no false designation of incumbency)
- Mailing Address (may be a P.O. Box)
- Treasurer and (Optional) Record Keeper
- Depository (Name is required even if there is no account)
- Reporting Waiver (Item 10) Committees that spend or receive \$1,000.00 or less per election (see next slide)

The Reporting Waiver

- Pre and Post Election and Annual Statements are waived
- Committee does not expect to spend/receive more than \$1,000 per election; resets after each election
- A committee that completes Item 10 on an original or amended Statement of Organization
- The filing office grants or denies the Reporting Waiver. Once granted, the committee does not need to request it again unless and until it is lost
- The \$1000.00 threshold includes debts, money left over from the immediate preceding election
- The \$1000.00 threshold includes all contributions both direct and in-kind (including candidate's contributions)

The Reporting Waiver (Con't)

- The waiver is lost automatically if the committee crosses the threshold. The committee is not required to notify the filing official that they have lost the Reporting Waiver. This is done by filing the next campaign statement.
- The next Campaign Statement must go back to the last election date where the candidate appeared on the ballot.
- The committee can regain the Reporting Waiver if lost by filing an amended Statement of Organization. The records on file will be checked to determine if the Reporting Waiver can be granted.
- The Statement of Organization and Late Contribution Reports are not waived

Campaign Statements

Filing Statements

- Campaign Statements are reports filed by the committee that shows the financial activity of the committee.
- Each Campaign Statement covers a distinct period of time and there is never an overlap or gaps in time or money between Campaign Statements.
- Campaign Statements are made up of schedules that show the activity.
- All Campaign Statements must contain a Cover Page and a Summary Page – Other Schedule Pages provided as needed.
- Campaign Statements can be amended if needed.
- Electronic Filing: State Level Committees over \$20,000 must file electronically using MERTS Software or other approved software. Paper Reports will be rejected and late filing fees will apply.

Campaign Statements Filing Deadlines

- **Pre Election (or Convention) Statement**

Books Close 16 Days before election

Due 11 Days before election

- **Post Election (or Convention) Statement**

Books Close 20 Days after election

Due 30 Days after election

- **Annual Statement**

Books Close December 31

Due January 31

Note: Late Contribution Reports!!!

Filing Dates for 2012

2012 PRIMARY ELECTION

7/22/12 - Pre Primary Statement Close of Books

7/27/12- Pre Primary Statement Filing Deadline

8/7/12 - STATE PRIMARY ELECTION DATE

8/27/12 - Post Primary Statement Close of Books

9/6/12 - Post Primary Statement Filing Deadline

2012 GENERAL ELECTION

10/21/12 - Pre General Statement Close of Books

10/26/12 - Pre General Statement Filing Deadline

11/6/12 - STATE GENERAL ELECTION DATE

11/26/12 - Post General Statement Close of Books

12/6/12 - Post General Statement Filing Deadline

2013 ANNUAL STATEMENT

12/31/12 - 2012 Annual Statement Close of Books

1/31/13 - 2012 Annual Statement Filing Deadline

Campaign Statements Late Filing Fees

Avoid late filing fees; file on time!

- Campaign Statements hand delivered, sent by first class mail or any other means (including electronically via the Internet) must be received on the filing deadline
- Pre Election Statements sent by certified or registered mail or an overnight delivery service will be timely if post marked 2 days before the filing deadline
- Post Election and Annual Statements sent by certified or registered mail or an overnight delivery service will be timely if post marked on or before the filing deadline
- Late Filing Fees are detailed in Appendix E of the Manual

Campaign Statements Cover Page

- The Cover Page Form (Select to see Form)
- Contains information about the committee that is on the Statement of Organization form
- Information should match what is on file for committee; always include ID number
- Contains information about the statement being filed: What is it and Coverage Period
- Always include with any original or amendment

Campaign Statements Summary Page

- The Summary Page Form (Select to see Form)
- Review Columns I and II
- Review Balance Statement
- Line 13 – Beginning Balance must reflect the ending balance from the previous report unless it is the first report being submitted by the committee (The 1st report will always start with \$0)
- Committees should never start or end a report with a negative balance
- Required with every original campaign statement and if needed to report changes on an amendment

Contributions

Sec. 4. (1) “Contribution” means a payment, gift subscription, assessment, expenditure, contract, payment for services, dues, advance, forbearance, loan, or donation of money or anything of ascertainable monetary value, or a transfer of anything of ascertainable monetary value to a person, made for the purpose of influencing the nomination or election of a candidate, or for the qualification, passage, or defeat of a ballot question.

Schedules:

- **Direct Contribution of Money**
- **In-Kind Contribution of Goods/Services**

Campaign Statements

Election Cycles for the 2012 General Election

Election Cycles are used to determine how to accumulate contributions and expenditures for reporting purposes and to avoid violating the MCFA by accepting or making an excess contribution

ELECTION DATE	ELECTION CYCLE BEGINS	ELECTION CYCLE ENDS
11/6/12 (8 year cycle)	11/3/04	11/6/12
11/6/12 (6 year cycle)	11/8/06	11/6/12
11/6/12 (4 year cycle)	11/5/08	11/6/12
11/6/12 (2 year cycle)	11/3/10	11/6/12

Contributions Election Cycle Limits

State Level Offices

State Office	Individual or Political Committees	Independent Committees and District/County Political Party Committees	State Central Political Party Committees
Representative	\$500	\$5,000	\$5,000
Senator	\$1,000	\$10,000	\$10,000
Statewide*	\$3,400	\$34,000	\$68,000

*Does not apply to judicial offices other than Supreme Court or Gubernatorial Committee receiving Public Funding

Limits do not apply to the Candidate or the Candidate's "Immediate Family"

Contributions Election Cycle Limits

Local and Judicial

Population of District for Office	Individual or Political Committee	Independent Committee and District/County Political Party Committees	State Central Political Party Committee
Up to 85,000	\$500	\$5,000	\$5,000
85,001 - 250,000	\$1,000	\$10,000	\$10,000
Over 250,000	\$3,400	\$34,000	\$34,000

Limits apply to all judicial offices other than Supreme Court

Limits do not apply to the Candidate or the Candidate's "Immediate Family"

Candidate and Immediate Family Contributions

- Candidate and spouse contributions are unlimited (to candidate's own committee)
- Immediate family means the candidate's spouse, a child residing in the candidate's home or a person claimed by the candidate or spouse as a dependent for federal tax purposes so parents, grand parents, siblings, aunts, uncles, children that live outside of the home are limited like anyone else
- All candidate and immediate family contributions (direct and in-kind) must be reported – Loans must be designated when received (candidates may not charge their committees with interest)

Contributions Exceptions

- **A volunteer's personal services – not to be reimbursed**
- **A volunteer's travel and lodging up to \$500 per year**
- **A volunteer's donation of food and beverages up to \$100 per year**
- **A contribution that is returned within 30 business days is not a contribution**

Contribution Prohibitions

- Labor Unions
- Corporations (Limited Liability Companies, Sole Proprietorships and Partnerships are allowed)
- Domestic Dependent Sovereigns (Indian Tribes)
- Public Body Funds or use of Public Facilities
- Detroit Casino and Supplier Licensees
- Foreign Nationals (Federal Prohibition)
- Other Candidate Committees (Tickets to another candidate fundraiser allowed - \$100/year max)
- Excess
- Anonymous (Must be donated to a charity)
- Cash over \$20
- Earmarked
- Given in the name of another

Direct Contributions

- All contributions of money must be reported (including candidate's) regardless of amount
- Reported on Schedule 1A (Select to see Form)
All contributions (both direct and in-kind) accumulate together toward contribution limits throughout the election cycle
- Contributions over \$20.00 must be by a written instrument (such as a check, credit card or money order) Contributions up to \$20.00 may be cash
- Data to collect: Name, Address, Date, Amount, Type and Cumulative to date – occupation, employer information if over \$100.00

Memo Itemization - Contributions

- Required when a contribution is received from a group not registered as a committee (such as a block club)
- Contributor must provide a list of those persons contributing towards the contribution (may use LIFO)
- Name, address, date and amount is required
- For individuals contributing over \$100, the occupation, employer and business address also required
- Persons listed are not considered to have given a contribution to the candidate committee

Memo Itemization Example

Type of Contribution: <input checked="" type="checkbox"/> Direct <input checked="" type="checkbox"/> Loan from a person <input type="checkbox"/> Fund Raiser		
3. Contribution # <u>3</u> PWC Receipt? <input type="checkbox"/> YES 4. Date of Receipt <u>02/10/2000</u> Name: <u>LINCOLN BLOCK CLUB</u> Address: <u>123 LINCLON AVE</u> <u>ELMWOOD MI 40000</u> 5. If over \$100.00 cumulative, please provide: Occupation _____ Employer _____ Business Address _____	300.00 Memo - itemization below	300.00
Type of Contribution: <input checked="" type="checkbox"/> Direct <input type="checkbox"/> Loan from a person <input type="checkbox"/> Fund Raiser 3. Contribution # <u>4</u> PWC Receipt? <input type="checkbox"/> YES 4. Date of Receipt <u>02/09/2000</u> Name: <u>ANDREW WILSON</u> Address: <u>134 LINCOLN AVE</u> <u>ELMWOOD MI</u> 5. If over \$100.00 cumulative, please provide: Occupation <u>FORK LIFT DRIVER</u> Employer <u>MICHIGAN LUMBER INC</u> Business Address <u>123 WOODLAND DR</u> <u>ELMDALE MI 40000</u>	(150.00) Memo - itemization	
Type of Contribution: <input checked="" type="checkbox"/> Direct <input type="checkbox"/> Loan from a person <input type="checkbox"/> Fund Raiser Page Subtotal	1450.00	
Grand Total of All Schedules 1A (Complete on last page of Schedule)	1450.00	

In-Kind Contributions

- A contribution of goods or services (not money)
- Reported on Schedule 1-IK (Select to see Form)
- Value of goods or services counts towards contributions limits for the election cycle (accumulates with direct contributions)
- Value reported must reflect usual and normal market value (the value of special discounts would count as an in-kind contribution)
- In-kind contributions must be disclosed regardless of the amount

2012 Late Contribution Reports

- If a committee receives a contribution direct or in-kind from any single contributor (including the candidate) of \$200.00 or more from the 15th through the 3rd day before an election - a separate Late Contribution Report must be filed within 48 hours of receipt:

Primary Election
7/23/2012 - 8/4/2012

General Election
10/22/2012 - 11/3/2012

- Late Contribution Report Form
- Contributions must still be disclosed on the Post Election Statement - File a separate report within 48 hours for each date on which a late contributions was received
- Late Contribution Report late filing fees accrue up to maximum of \$2000.00
- Electronic Filing: If you are required to file electronically, these must be filed using the online system using e-IDR program (Immediate Disclosure Reporting).

Other Receipts

- Other Receipts are receipts of money such as interest received from a bank, refunds or rebates
- Reported on Schedule 1A-1 (Select to see Form)
- Other Receipts are not contributions to further the nomination or election of the candidate
- Other Receipts do not count towards contribution limits

Expenditures

Section 6(1) “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, or the qualification, passage, or defeat of a ballot question.

Schedules

- **Direct Expenditure of Money**
- **Get-Out-The-Vote (Direct)**
- **Incidental Office Expense (Direct)**
- **In-kind Expenditures of Goods/Services**

Direct Expenditures

- All expenditures to another committee are disclosed regardless of amount
- Reported on Schedule 1B (Select to see Form)
- Other expenditures to a vendor or non committee must be disclosed when total to a single recipient exceeds \$50 for the reporting period
- Expenditures over \$50 must be by written instrument
- Petty cash expenditures limited to \$50
- Data to collect: Name, Address, Date, Amount, Type and Purpose.

Memo Itemization - Expenditures

- **Required when the committee makes an expenditure to a person that has paid more than \$50.00 to another person on behalf of the committee**
 - **Vendors, Consultants or Campaign Workers**
 - **Credit Card Payments**
- **Vendors must provide a list of those sub-contractors or other persons compensated more than \$50 by the vendor**
- **Name, address, date, purpose and amount are required for each person compensated more than \$50 on behalf of the committee by the person receiving the initial payment**

Memo Itemization Example

<p>Expenditure # 4</p> <p>Name: DOWNTOWN CONSULTANTS</p> <p>Address: 123 LINCOLN BLVD RIVERTOWN MI 40000</p> <p><input type="checkbox"/> Fund Raiser</p>	<p>Purpose: <u>FIRM HIRED TO DO TV ADS</u></p> <p>Expenditure Code <u>CN</u></p> <p><input type="checkbox"/> Check box if this expenditure is payment of debt or obligation reported on previous statement.</p>	<p>12/01/2000</p> <p>Memo - itemization below</p>	<p>500.00</p>
<p>Expenditure # 5</p> <p>Name: WJMI TV</p> <p>Address: 123 TELEVISION WAY ELMDALE MI 40000</p> <p><input type="checkbox"/> Fund Raiser</p>	<p>Purpose: <u>SUB VENDOR/TV AD</u></p> <p>Expenditure Code <u>BA</u></p> <p><input type="checkbox"/> Check box if this expenditure is payment of debt or obligation reported on previous statement.</p>	<p>12/01/2000</p> <p>Memo - itemization</p>	<p>(400.00)</p>

Get Out The Vote Expenditures

- Are expenditures for Election Day activities including:
 - Busing voters to the polls
 - Slate Cards
 - Poll workers, challengers, watchers
 - Other get out the vote activity
- Reported on Schedule B-G (Select to see Form)
- All GOTV expenditures are reported regardless of amount

Incidental Office Expense (Incumbents Only)

- Allowed for incumbent officials only
- Reported on Schedule 1C (Select to see Form)
- Not for election related purposes
- May be used for district office and constituent expenses that are not paid by any other source
- May not be made once an official leaves office except to pay existing debts
- Does not apply to Judicial Candidates (See Canons)

In-Kind Expenditures (Rare)

- In-kind expenditures of goods or services given to another person or committee (such as the donation of a used computer to a charity)
- Reported on Schedule 1B-IK (Select to see Form)
- Amount is not subtracted from committee account as only goods or services are donated – not money

Debts and Obligations

- Used to provide a summary of all debts and obligations outstanding at the end of the reporting period (Also on Summary Page)
- Reported on Schedule 1E (Select to see Form)
- Payments are disclosed on this form as well as on Schedule 1B
- Separate forms are used to disclose debts owed to the committee and debts owed by the committee
- Used to disclose the name of any person who endorses a bank loan for the committee

Fund Raiser Schedule

- Used to provide a summary of receipts and expenditures associated with each event held by the committee
- Reported on Schedule 1F (Select to see Form)
- Does not replace or substitute for disclosure of receipts and expenditures as required on the appropriate schedule pages
- Discloses information concerning any co-sponsors for Joint Fundraisers
- No bingo, millionaire party or other events requiring licensing permitted
- One event per schedule page

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10/22/2012 - 11/3/2012

- Late Contribution Report Form
- Contributions must still be disclosed on the Post Election Statement - File a separate report within 48 hours for each date on which a late contributions was received
- Late Contribution Report late filing fees accrue up to maximum of \$2000.00
- Electronic Filing: If you are required to file electronically, these must be filed using the online system using e-IDR program (Immediate Disclosure Reporting).

Electronic Filing - State Level Committees

- Electronic filing of campaign finance statements is mandatory all committees that file with the Secretary of State that spend or receive \$20,000 or more in any calendar year
- Once required to file electronically, the committee must always file electronically even if the committee falls below the \$20,000.00 threshold.
- MERTS PLUS software allows all committees (filing with the Secretary of State) to receive training, to download software from the Internet and file campaign statements electronically over the Internet or via diskette
- All cumulatives, receipts and expenditures totals are automatically compiled by the software
- Committees that file with the Secretary of State may obtain the training and software at no cost on the Web at: www.mertsplus.com
- Electronic Filing: Late Contribution Reports must be filed using the online system [e-IDR](#) program (Immediate Disclosure Reporting).

Dissolving a Committee

- The committee must bring all debts and assets to \$0.00 and provide the date of dissolution on the Cover Page of the final report
- All required reports must be filed
- All outstanding notices and fees must be answered, paid or successfully appealed prior to dissolution
- Incumbent Candidates cannot dissolve their committee until they are no longer eligible to run for the office again
- The Single Page Dissolution Form is only used by committees with reporting waivers
- Reporting Waiver committees may be automatically dissolved by the filing official

Notices and Good Cause Waivers

- **Failure to File** – Issued when a committee fails to submit a required report – Committees that do not respond are referred to the Attorney General or County prosecutor
- **Late Fees** - Assessed when a statement is not filed timely as provided under the Campaign Finance Act - Unpaid fees are referred to the Dept of Treasury or County Treasurer for collection
- **Error or Omission** - Committees are required to provide missing information or explain possible errors
- Fees may be appealed for “**good cause**” such as an accident, illness or loss of records due to fire, theft or flood – the statement must be filed before the appeal will be considered by the filing official

Required Affidavits

- Candidates are required to
 1. **Affidavit of Identity:** Attest they have no outstanding notices or late fees for any committee when applying for the ballot and
 2. **Post Election Campaign Finance Compliance Statement:** Must be filed prior to taking office
- Penalties apply for fraudulently signing an Affidavit of Identity or Post-Election Compliance Statement

Identification Requirements on Ads

- All paid political ads must contain an identifier (other than those paid by individuals, acting alone, who are not candidates)
- Print ads must contain - “Paid for by” (Name and Address of Committee)
- Broadcast ads must contain - “Paid for by” (Name of Committee)
- Detailed information concerning identification requirements and a list of exempted items are provided in the Candidate Committee Manual in Appendix J

Referrals and Complaints

- All notices are sent to committees at the most recent mailing address of record
- Committees that fail to respond to a notice or pay a late fee (or file an appeal) within the required time period will be referred to the appropriate agency
- Signed complaints concerning alleged violations may be submitted to the Secretary of State by any interested person

Declaratory Rulings and Interpretive Statements

- Declaratory Rulings are binding on all parties and carry the force of law (formal)
- Interpretive Statements provide information and interpretation of the law (less formal)
- Rulings and Interpretative Statements are issued by the Secretary of State through the Legal and Regulatory Services Administration (LRSA) in response to questions
- Specific time frames for LRSA to follow when responding to a written request for a ruling are detailed in the campaign finance manuals



MICHIGAN DEPARTMENT OF STATE
BUREAU OF ELECTIONS

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Thank You