

CAMPAIGN FINANCE DISCLOSURE for PACs - 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**

TOPICS:

- **Types of Committees**
- **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**



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.
- Candidates 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 Political and Independent Committees (PACs).
- [PAC Manual](#)

Definition of "Committee"

- **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.**
- **Citizens United Decision Impact and Independent Expenditure PACs / Super PACs.**

Types of Committees

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

Types of PACs

- Political Committee
- Independent Committees
- Independent Committees with Status
- Caucus Committees
- Super PACs
- Separate Segregated Funds
 - For Profit Corporations
 - Not for Profit Corporations

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

PACs must file the Statement of Organization (SofO) form within 10 days of becoming a committee with the appropriate filing official.

An SofO mailed on or before the due date by certified, registered or overnight delivery is considered timely regardless of when it arrives. An SofO sent by regular mail or hand delivered must be received on or before the filing deadline. Late filing fees of \$10 per business day apply to a maximum of \$300.

The Bureau of Elections is the filing official when the candidates or ballot proposals involved cross county lines.

The county clerk is the filing official when the candidates or ballot proposals involved do not cross county lines.

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 the name of the sponsor if applicable)
- 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 calendar year (see next slide)

The Reporting Waiver

- **Triannual, Pre, Post Election and Annual Statements are waived.**
- **Committee does not expect to spend/receive more than \$1,000 per calendar year.**
- **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 and money left over from the immediate preceding calendar year.**
- **The \$1000.00 threshold includes all contributions both direct and in-kind).**

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 January 1 of the current calendar year.**
- **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 and Reports

Registered on State Level

- File Triannual CS
- Even Year = April, July and October
- Odd Year = January, July and October
- Late Contribution Reports
- Special Election Independent Expenditure Reports
- Caucus Committees; 24 Hour Reporting

Registered on the Local Level

- Pre Election (or Convention) Statement
- Post Election (or Convention) Statement
- Annual Statement
- Late Contribution Reports

State Filing Dates for 2012

- **January (Caucus Comm. Only)**

Close 12/31/2011 Due 1/31/2012

- **April**

Close 4/20/12 Due 4/25/2012

- **July**

Close 7/20/2012 Due 7/25/2012

- **October**

Close 10/20/2012 Due 10/25/2012

Local 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 by 5:00 pm on the filing deadline
- Pre Election Statements, July and October 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, Annual Statements, January and April 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

PAC Campaign Statement Schedules

- Cover Page – (Required with all reports)
- Summary Page - (Required with all reports)
- Schedule 2A - Direct Contributions
- Schedule 2-IK - In-Kind Contributions
- Schedule 2A-1 - Other Receipts
- Schedule 2A-2 Payroll
- Schedules 2B - Direct Expenditures
- Schedule 2B-1 - Independent Expenditures
- Schedule 2B-2 - In-Kind Expenditures
- Schedule B-G - Get Out the Vote
- Schedule 2E - Debts and Obligations
- Schedule 2F - Fundraising Event

- Bundling Schedule: See the PAC Manual for more information.

Campaign Statements Cover Page

- The Cover Page From
- 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**
- **Direct Contribution of Money - Payroll**
- **In-Kind Contribution of Goods/Services**

PACs can receive unlimited contributions from legal sources

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* (LLCs, Sole Proprietorships & 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)
- Excess
- Anonymous (Must be donated to a charity)
- Cash over \$20
- Earmarked
- Given in the name of another

*See exception for [Independent Expenditure PACs /Super PACs](#)

Direct Contributions

- All contributions of money must be reported regardless of amount
- Reported on [Schedule 2A](#) and [2A-2](#). All contributions (both direct and in-kind) accumulate together toward contribution limits throughout the calendar year
- 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 committee**

Memo Itemization Example

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

In-Kind Contributions

- A contribution of goods or services (not money)
- Reported on [Schedule 2-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 of \$200.00 or more from the day following the close of the previous statement through the 3rd day before an election - a separate Late Contribution Report must be filed within 48 hours of receipt:

Primary Election

7/21/2012 - 8/4/2012

General Election

10/21/2012 - 11/3/2012

- Contributions must still be disclosed on the next Statement - File a separate report within 48 hours for each date on which a late contribution 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).
- [Late Contribution Report Form](#) – paper filers only!

Other Receipts

- Other Receipts are receipts of money such as interest received from a bank, refunds or rebates
- Reported on Schedule 2A-1 (Select to see Form)
- Other Receipts are not contributions

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)**
- **Independent Expenditures (Direct)**
- **In-kind Expenditures of Goods/Services**

Direct Expenditures

- All expenditures to another committee are disclosed regardless of amount
- Direct contributions to candidates/ballot questions are reported on Schedule 2B
- Reported on Schedule 2B
- 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.

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**

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

Independent Expenditures

- Are made without the direction or control of the committee/candidate benefiting from the expenditure
- Reported on [Schedule 2B-1](#)
- Contribution Limits do not apply and do not accumulate with direct or in-kind contributions made the a candidate committee or ballot question committee
- Schedule to be used by Independent Expenditure PACS/Super PACs

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**

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

In-Kind Expenditures

- In-kind expenditures of goods or services given to another person or committee (such as the donation of a used computer to a charity)
- Goods and services purchased now as an in-kind contribution to a candidate committee or ballot question committee
- Reported on [Schedule 2B-2](#)

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 2E](#) (Select to see Form)
- Payments are disclosed on this form as well as on [Schedule 2B](#) or other appropriate schedule
- 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 2F](#)
- 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

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
- The [Single Page Dissolution Form](#) is only used by committees with reporting waivers

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

Identification Requirements on Ads

- All paid political ads by the PAC must contain an identifier
- ⑩ PACs are required to add the statement “paid for with regulated funds” to the identification or disclaimer included on printed matter or in paid radio or television advertisements. The use of the phrase, "Paid for with regulated funds by (name and address of committee)" is recommended
- Detailed information concerning identification requirements and a list of exempted items are provided in [PAC Manual](#) in [Appendix J](#)

Referrals and Complaints

- All notices are sent to committees at the most recent mailing address of record; committees that provide an email address will receive an email in addition to the notice sent by regular mail
- 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 in response to questions**
- **Specific time frames to follow when responding to a written request for a ruling are detailed in the campaign finance manuals**

Closing

- This concludes are prepared materials
- Do you have any additional questions?



**MICHIGAN DEPARTMENT OF STATE
BUREAU OF ELECTIONS**

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Thank You