

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING



LANSING

MICHIGAN 48918

July 23, 1986

Honorable John D. Cherry, Jr.
State Representative
309 W. Johnson Street
Clio, MI 48420

Dear Representative Cherry:

This is in response to your inquiry concerning the reporting requirements of the Campaign Finance Act (the Act), 1976 PA 388, as amended. The facts giving rise to your inquiry are as follows:

"My candidate committee for State Representative sponsors an annual fundraising event. This event is scheduled nearly a year in advance of its actual date. During the course of the year, we pre-pay some of the expenses of the event, e.g. hall deposit, entertainment deposit, ticket printing.

Subsequent to the payment of those expenses, I declared my candidacy for a State Senate seat. Donations made by individuals attending the event will be deposited by my State Senate candidate committee for use in the State Senate campaign."

You ask how your candidate committees should report expenditures and contributions made in connection with this fund raiser.

The reporting requirements for fund raising events are set out in section 26(g) of the Act (MCL 169.226). This section states:

"Sec. 26. A campaign statement of a committee, other than a political party committee, required by this act shall contain the following information:

(g) The total amount of contributions of \$20.00 or less received during the period covered by the campaign statement for each fund raising event held during that period. The following information regarding each fund raising event shall be included in the report:

(i) The type of event, date held, address and name, if any, of the place where the activity was held, and approximate number of indivi-

duals participating or in attendance.

(ii) The full name of each person who, through making a contribution or expenditure in connection with the event, made a total contribution of \$20.01 or more, and the total of all such contributions. This requirement is in addition to, and not in lieu of, the requirements of this section relating to the recording and reporting of contributions.

(iii) Moneys received in connection with the event or activity from persons in amounts of \$20.00 or less shall be listed by general category such as tickets, beverages, bumper stickers, or other, and the total of those contributions shall be recorded.

(iv) The gross receipts of the fund raising event.

(v) The expenditures incident to the event."

Ordinarily, expenses for a fund raising event are paid by a single candidate committee and reported in one campaign statement. Indeed, section 44 of the Act (MCL 169.244) prohibits one candidate committee from making such expenditures on behalf of another candidate committee. However, there is nothing in section 44 which prohibits a State Representative from pre-paying certain expenses for an annual fund raising event from his or her State Representative candidate committee. The subsequent formation of a Senate candidate committee does not transform expenditures previously made by the State Representative committee into contributions to the new account.

In these circumstances, the State Representative candidate committee should report expenses it paid for the fund raiser prior to the organization of the State Senate committee. Expenditures of more than \$50.00 should be itemized on schedule 1B of the campaign statement filed for the reporting period in question, and expenditures of \$50.00 or less should be reported on schedule 1D. The State Representative committee need not file a fund raiser report (schedule 1F). However, the campaign statement should clearly indicate the expenditures were for a fund raising event held to benefit the State Senate candidate committee.

The Senate committee is required to report any debts it assumed and expenditures it made in connection with the fund raising event after the committee was formed. These items should be reported on schedules 1B, 1D and 1E of the campaign statement covering the reporting period.

In addition, the Senate committee must complete a fund raiser schedule 1F disclosing in item 13 the total cost of the event, including the expenses paid by the State Representative committee. In the lower right hand corner of this schedule, you should state the portion of the total cost paid by the State Representative committee and incorporate by reference the campaign statement in which these expenses are itemized. (You may wish to attach the appropriate pages of the State Representative committee's statement). The Senate committee should also report all receipts from the fund raiser by completing schedules 1A

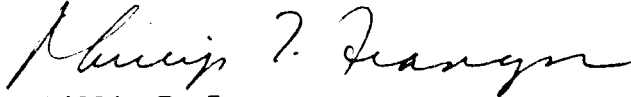
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and 1F of the campaign statement.

It must be emphasized that this response is limited to the facts provided. The following factors are stressed: 1) the candidate paid the expenses at a time when the race for the Senate was not contemplated; 2) the eventual office the candidate is running for is an office with a higher contribution limit, thus section 45(1) (MCL 169.2457) is applicable. (Section 45(1) permits the transfer of unexpended funds from a State Representative candidate committee to a Senate candidate committee if the committees are simultaneously held by the same person. If the candidate were a local officeholder who decided to run for a state elective office information provided in this response would not apply); 3) the same principles would not apply to any officeholder who ran for governor and applied for public funding of the campaign.

This response is informational only and does not constitute a declaratory ruling. If you have further questions regarding this matter, please contact Glorietta Flakes, Supervisor, Disclosure and Public Records Section, at 373-8558.

Very truly yours,



Phillip T. Frangos
Director
Office of Hearings and Legislation

PTF/AC/cw