



August 11, 1978

Mr. Zolton Ferency
Ferency Campaign Committee
P.O. Box 20
East Lansing, Michigan 48823

Dear Mr. Ferency:

This is in response to your request for a declaratory ruling concerning the applicability of the Campaign Finance Act ("the Act"), P.A. 388 of 1976, as amended, to interest earned on public funds received from the state campaign fund.

You state that on June 3, 1978, the Ferency Campaign Committee received state campaign moneys in the amount of \$102,103.08. This sum was subsequently deposited in a separate account in a financial institution previously designated as the official depository of the campaign in accordance with the Act. The nature of the account allows deposited moneys to earn interest attributable to the candidate committee.

You request a ruling as to whether interest earned on moneys received from the state campaign fund may be retained by the candidate committee and, if so, what restrictions are placed upon the use of the interest.

Section 21(3) of the Act (MCLA § 169.221) requires a committee to establish an official depository for all contributions and expenditures of the committee. Section 66(3) of the Act (MCLA § 169.266) requires a separate account for public moneys received from the state campaign fund. Section 66(3) states:

"A candidate shall keep those moneys received under this act in a separate account. The candidate's qualified expenditures may be paid from this account unless the account does not have a balance. An unexpended balance in this account shall be refunded and credited to the general fund within 60 days after the election for which the moneys were received. Payment received from the state campaign fund for expenditures in 1 election shall not be used for expenditures in a subsequent election." (Emphasis supplied)

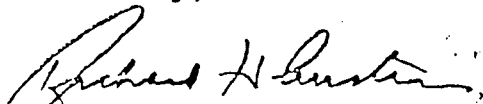
Mr. Zolton Ferency
Page Two

Any unspent moneys in the public account must be returned to the general fund within 60 days of an election; in short, unspent moneys belong to the people of the state. Interest will accrue only on those unspent moneys in the separate account. Any interest earned must be returned to the state and may not be spent by the candidate even after exhausting all public moneys originally granted.

Section 28(1) of the Act (MCLA § 169.228) states interest received by a committee on an account consisting of funds belonging to the committee shall not be considered a contribution to the committee but shall be reported as interest. Although the interest on public moneys does not belong to the candidate committee, nevertheless it is not a contribution and must still be reported in the candidate committee's statements as interest. However, interest on public moneys should be distinguished in the report from interest earned by the candidate committee.

This response constitutes a declaratory ruling concerning the applicability of the Act to the facts enumerated in your request.

Sincerely,



Richard H. Austin
Secretary of State

RHA:pk