



September 29, 1978

Mr. Wallace G. Long
Fitzgerald for Governor
2000 First Federal Building
Detroit, Michigan 48226

Dear Mr. Long:

This is in response to your inquiry of August 14, 1978, concerning transfer by a gubernatorial candidate committee of debts and assets from the primary to the general election consistent with the provisions of the Campaign Finance Act, P.A. 388 of 1976, as amended ("the Act").

You are aware the Department issued guidelines to the several gubernatorial candidate committees prior to the August, 1978, primary election concerning the impact of reporting requirements and expenditure limitations on goods and services purchased prior to the primary election but used also for the general election. The guidelines stated goods and services, with a value of \$100.00 or more, purchased prior to the primary election but used or distributed after the primary election are goods or services attributable to the general election. In addition, the guidelines provided that if the expenditure was reported previously as a primary election expenditure, it should be reported subsequently as an expenditure for the general election at the market value on August 9, 1978, and expenditures for the primary election reduced by the same amount.

In view of these guidelines, you ask whether the candidate committee may use general election moneys to purchase for use in the general election assets which were purchased prior to the primary. You indicate actual purchases may include the takeover of telephone deposits made during the primary for telephones kept in activity through the general election, office space security deposits, surplus posters or buttons used in both the primary and general elections, and commercial film or tapes to be used for broadcast in the general election.

The Department permits purchases of this type pursuant to the following guidelines:

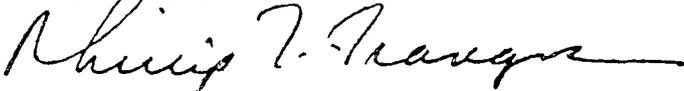
- 1) Assets may only be bought and sold at the market value prevailing on August 9, 1978. Market value is the amount which could usually be received in the open market for the goods.

- 2) The purchase and sale of assets must be reported accordingly and attributed to the appropriate election spending limits. Adjustment must be made for the value of assets used in both the primary and general elections.
- 3) Payment for the assets may not exceed legitimate debts.
- 4) If an asset being liquidated was purchased with public funds, the proceeds must be deposited in the public fund account of the committee.
- 5) If an asset being liquidated was purchased with private funds, the proceeds must be deposited in the official account of the committee.

Section 66(3) of the Act (MCLA § 169.266) provides "Payment received from the state campaign fund for expenditures in 1 election shall not be used for expenditures in a subsequent election." This provision restricts a gubernatorial candidate involved in a prior election where that candidate received public funds from transferring those funds to a subsequent election thereby creating an unfair advantage in the amount of public funds available to the candidate. The procedure outlined above will not create an unfair advantage since an equal exchange in value has been provided between the primary and general elections.

In view of the fact your letter was general in nature and lacked the specificity required by Section 63 of the Michigan Administrative Procedures Act (MCLA § 24.263) which establishes the criteria for requesting and issuing a declaratory ruling, this response may be considered as informational only and not as constituting a declaratory ruling.

Very truly yours,



Phillip T. Frangos, Director
Office of Hearings and Legislation

PTF:pj