

# PUBLIC FUNDING FOR GUBERNATORIAL CANDIDATES

MICHIGAN DEPARTMENT OF STATE  
BUREAU OF ELECTIONS

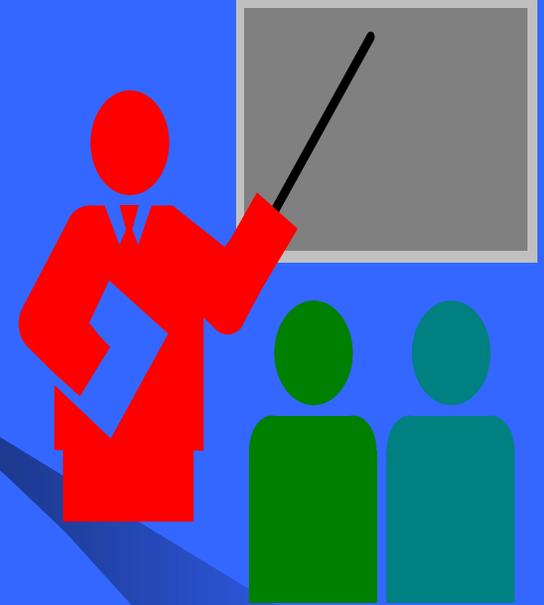


# Introduction:

- The Michigan Campaign Finance Act provides for public funding from the State Campaign Fund only to Gubernatorial candidates. The State Campaign Fund was established in 1976 after the U.S. Supreme Court ruled that campaign spending limits cannot be imposed on candidates unless they are using public funds.
- Candidates for Governor of Michigan who agree to limit their campaign spending and who raise at least \$75,000.00 in contributions of \$100.00 or less from individuals who are Michigan residents may file applications to receive money from the State Campaign Fund.
- This session will introduce you to the registration and disclosure requirements for public funding candidates in Michigan

# TOPICS:

- **Qualifying Contributions**
- **Public Funding Applications**
- **Resubmission Applications**
- **Expedited Payment Agreement**
- **Public Funds Status Report**
- **Return of Money to State Campaign Fund**
- **Committee Accounts (Private vs. Public)**
- **Receipts (Direct, In-kind, Other)**
- **Expenditures (Private, In-kind, Public)**
- **Transfers Between Accounts**
- **Inventory of Assets**
- **Debts and Obligations: Owed to Committee**
- **Debts and Obligations: Owed by Committee**



# Qualifying Contributions

- Gubernatorial candidates intending to apply for public funds must check the box in item 12 of the Statement of Organization form. For the Primary Election, the candidate must file Public Funds Applications to receive public funds that are disbursed on a 2-for-1 matching basis.
- Must raise a minimum of \$75,000.00 in “qualifying contributions.”
- A qualifying contribution is a contribution of **\$100.00 or less** in a **calendar year** from an individual who is a **resident of Michigan** made **after April 1, 2009**.

## Qualifying Contributions (continued)

A contribution may only be matched for the calendar year in which it was issued.

- **Example 1:** contributor gives the maximum contribution of \$3,400.00 to the Gubernatorial Candidate Committee in Year 1, \$100 of the contribution is matchable for Year 1, and \$200.00 in public funds is receivable for that contributor.
- **Example 2:** if the contributor gives \$3,300.00 in Year 1, and \$100.00 in Year 2, \$100.00 can be matched for Year 1 and \$100.00 can be matched for Year 2, resulting in total public funds of \$400.00 rather than \$200.00.

# Qualifying Contributions (continued)

The following are not qualifying contributions:

- Loans to the committee and in-kind contributions
- Funds transferred to the Gubernatorial Candidate Committee from a Candidate Committee previously held by the candidate for some other elective office
- Contributions received before the filing date (date received by the Bureau of Elections) of an original Statement of Organization
- Contributions from Political or Independent Committees, Political Parties, unincorporated businesses, partnerships or limited liability

# Public Funding Application

- The Gubernatorial Candidate Committee may receive up to \$990,000.00 in public funds for the Primary Election by submitting additional Public Funding Applications after the Secretary of State has certified the first Application.
- In order to receive the maximum \$990,000.00 in public funds, the committee must submit Applications and adequate documentation for \$495,000.00 in qualifying contributions.
- The committee may not receive public funds before January 1 of the year of the election (January 1, 2010 for the 2010 elections) and may not submit a Public Funds Application after December 15 of the election year (December 15, 2010).

# Public Funding Application (continued)

- Prior to submission of the first application, the committee must provide to the Bureau a list containing the name of the candidate's spouse and the names of other members of the candidate's immediate family.
- Original public Funding Applications may be filed over the Internet or on computer disk using the MERTS PLUS Gubernatorial Candidate Committee software or by using other software that has been approved by the Department of State.

# Public Funding Application (Continued)

- **MERTS software allows the committee to select from contributions previously entered into the software to create and submit their Public Funding Application.**
- **Note: Photocopies of written instruments, deposit slips, solicitation forms (for individual, joint, partnerships or cash contributions of \$20.00 or less) must be submitted on paper before the Application can be processed.**

# Public Funding Application Form

- Page 1 of the Schedule of Qualifying Contributions (referred to as the Application Cover Page) contains various identifying information concerning the candidate, the committee and the Application and a verification statement.
- Page 2 of the Schedule of Qualifying Contributions consists of the alphabetized listing of the qualifying contributions for which the committee expects to receive matching funds
- Example of alphabetized listing: Each contribution (not contributor) is assigned a unique sequence number. The first contribution listed on the first Application would have the sequence number of 1, after which the numbers must be assigned continuously from one Application to the next. For example, if the first Application ends with the sequence number 1925, the first contribution on Application #2 would have the sequence number of 1926.  
**Note: MERTS PLUS automatically assigns the sequence numbers to the contributions.**

# Resubmission Application

- After review of each application the committee will receive a certification letter from the Bureau with a coded list of ineligible contributions.
- Contributions that were not matched but are correctable may be submitted again on a Resubmission Application with corrections made or with additional documentation provided to the Bureau.
- A Resubmission consists only of contributions for which corrections have been made or additional documentation is being provided, and must never appear on subsequent applications.

# Resubmission Application (continued)

- A separate Resubmission must be filed for each Application that has contributions to be corrected. The sequence number of the contribution remains the same as it was on the original Application.
- A Resubmission may be created and printed using the MERTS Plus software but is filed as a paper Application form along with the additional documentation requested.
- The cover page contains similar information as the original Public Funding Application, except that Item 8b is checked, indicating that the document is a Resubmission of an Application. **Do not mix contributions from different Applications on one Resubmission.**

# Correctable Error Example – Error Code 16

A joint contribution error can be corrected in one of two ways:

1. The contribution can be resubmitted as being from one person only (the signer of the written instrument).
2. If the allocation document is available, the contribution can be allocated to each individual.

**Step 1:** list only one of the contributors on the Resubmission with the portion of the contribution that's being allocated to that person.

**Step 2:** list the other contributor(s) on a subsequent Application with their portion of the contribution.

**Note:** A copy of the allocation statement and the written instrument must be included with both the Resubmission and the subsequent Application.

# Expedited Payment Agreement

- The agreement may be offered to the committee after the Department has certified the committee's first Public Funding Application as having a minimum of \$75,000.00 in qualifying contributions that meet all requirements for matching with public funds.
- **The first Application must be certified by the Department of State with no more than a 10% error rate.**
- The Gubernatorial Candidate Committee must File Public Funding Applications by disk or over the Internet using MERTS Plus software or privately obtained software approved by the state.

# Expedited Payment Agreement (continued)

- Under the agreement, the Department of State agrees to conduct a preliminary review of an electronically filed Public Funds Application within **3 business days** after receipt of the Application and certify to the Department of Treasury that **90%** of the amount requested by the committee may be paid to the Gubernatorial Candidate Committee.
- After an in depth review of the Application, the Department determines whether additional funds should be certified for the Application or if the amount paid was in excess of the qualifying amount.
- If the amount paid was in excess, the committee must refund the excess or the Department has the option of making an adjustment on the certification of a subsequent Application.

# Expedited Payment Agreement (continued)

The agreement does not apply to the following Public Funding Applications:

**\*Paper filings**

**\*Applications with < \$5K in qualifying contributions**

**\*Resubmissions**

- The percentage of payment authorized in the agreement may be changed if the committee's error rate exceeds 10% on two or more applications.
- The agreement is in effect for Public Funding Applications filed by the committee from the date the agreement is signed until 5:00 p.m. on the day of the primary election.

# Public Funds Status Report

- The committee is required to file a Public Funds Status Report if unexpended public funds have not been returned to the State within 60 days after the election for which they were received.

Exception: public funds are considered “expended” and may be retained past the 60 days if the committee documents that it owes debts that qualify to be repaid with public funds.

- All of the information on the Public Funds Status Report must also be shown on a subsequent Campaign Statement.
- The Public Funds Status Report will always cover a specific period of time. It begins one day after the closing date of the last Campaign Statement filed or one day after the most recent Public Funds Status Report.

## Public Funds Status Report (Continued)

- Post Primary Application Report: Public Funds Status Report must be submitted with any Post-Primary Application for public funds.
- 60-Day Public Funds Status Report: The closing date is 60 days after the election, and the Report must be filed within 10 days thereafter.
- Monthly Public Funds Status Report: After the 60 day limit, the closing date is the last day of the month and must be filed by the 10<sup>th</sup> day of the following month.
- Termination of Public Funds Account Report: The termination of Public Funds Account Report must be filed when the committee closes its public funds account. The closing date of the Report will be the date the account is closed.

# Return of Money to State Campaign Fund

- All public funds remaining after : payment of debt that was subject to payment with public funds and interest earned on the public funds bank accounts must be returned to the state.
- Refunds of a contribution to a contributor, or if the committee's bank determines that a contributor's check or other written instrument is invalid due to insufficient funds subsequent to the contribution being matched with public funds. **Must include the name and address of the contributor, date of original receipt, contribution sequence number and Public Funds Application number.**
- Remit check to the Bureau of Elections, payable to "State of Michigan", accompanied by a written explanation of the reason for the return.

## **Post-Election Audit/Public Funding Committees**

- In the year of the gubernatorial election, the Department of State's Internal Security Division, with the assistance of the Bureau of Elections, will conduct a complete audit of records.
- Documents needed for the audit: all records documenting information that was required to be reported on Campaign Statements, including bank statements, checkbooks, canceled checks, wire transfers, internet or other electronic contributions or transactions, contracts, payroll records, vendor invoices, expense vouchers, receipts and other supporting documentation required by the Department for all private funds and public funds accounts.
- The purpose of the audit is to verify compliance with the Campaign Finance Act, especially in the areas of record keeping, reporting requirements, use of public funds for qualified expenditures, proper segregation of funds, use of public funds for a subsequent election and return of unexpended public funds to the state.

# Break Time

- Questions and Answers

# Detailed Record Keeping

- Accurate and complete record keeping is necessary for compliance with the Michigan Campaign Finance Act. **Therefore, the Bureau recommends that committees reconcile their bank statements to their campaign statements on a monthly basis.**
- The treasurer of the Gubernatorial Candidate committee is responsible for keeping records of all accounts, contributions, expenditures, invoices, contracts, etc. to substantiate information reported on Campaign Statements and information necessary for preparation of Public Funding Applications as well as the Post Election Audit.
- Committee records must be preserved for 5 years and shall be made available for inspection as authorized by the Secretary of State.

# Contribution Limits For Public Funding Candidates and Their Immediate Family

- The aggregate contribution from Candidates (**both gubernatorial and lieutenant governor**) receiving public funds and their immediate family is \$50,000.00.
- Immediate family for Public funding includes the candidate's spouse, parent, brother, sister, son or daughter.
- All candidate and immediate family contributions (direct and in-kind) must be disclosed – Loans must be designated as such when received.

# Public and Private Funds Bank Accounts

- A Gubernatorial Candidate Committee that accepts public funds must establish the following bank accounts:

Candidates in the **Primary Election Only**; 1 Private Funds Bank Account and 1 Public Funds Bank Account

Candidates in the **General Election Only**; 1 Private Funds Bank Account and 1 Public Funds Bank Account

Candidates in **Both Elections**; 1 Private Funds Bank Account 2 Public Funds Bank Accounts

# Public vs. Private Funds

- **“Private funds”** are contributions received from individuals, committees and unincorporated businesses. Because of the expenditure limitations, the record of expenditures of private funds must be kept separate by election although the expenditures for both the primary and the general elections are made from the same account. While private funds received for the Primary Election may be used for the General Election, and vice versa, this will constitute a “transfer” between the two “accounts”, and must be recorded, and reported, as such in the committee’s records.
- **“Public funds”** are funds the committee receives from the State Campaign Fund after a Public Funding Application has been submitted by the committee and approved by the Bureau of Elections. Public funds received for the Primary Election can only be spent on goods and services for the Primary Election. Any leftover Primary Election public funds must be returned to the State Campaign Fund and may not be used for the General Election. Public funds received for the General Election may not be used to make expenditures for the Primary Election and therefore, cannot be used to pay unpaid debt from the Primary Election.

## **Receipts will fall into one of three categories:**

- **Contributions of money (direct contributions)**
- **In-kind contributions of goods and services ( subject, exempt 39a or exempt miscellaneous to the 2 million expenditure limitation)**
- **Other receipts**

# **Contributions of Money – Documentation Requirements**

**Contributions of money: Record contributors, name, address, occupation and employer name and principal place of business. Also the date of receipt, date of issue, amount and cumulative amount contributed for the election cycle**

**For efficiency the committees may provide solicitation forms for contributors to complete and return with their contributions:**

- Form #1 General Information – All Contributors**
- Form #2 Joint Contribution Allocations**
- Form #3 Partnership/LLC Contribution Allocations**

# Contributions of Money – Control System

- Prohibited or questionable contributions should be caught before the money is deposited into the committee's bank account.
- **Sorting Contributions** 1) attach the solicitation form (if applicable) to the written instrument 2) review the contributions and divide into three groups:

**Prohibited contributions**

**Questionable contributions**

**Acceptable contributions (Qualifying and Non-Qualifying)**

# Contributions of money – Control System (continue)

Processing Qualifying contributions:

1. Batch the contributions, prepare a deposit slip and follow the procedure below:
  - a. Make sure all contributions and pertinent information have been recorded.
  - b. Photocopy solicitation forms with the written instruments.
  - c. Photocopy each batch of checks or written instruments. (Afterwards black out bank account names and routing numbers).
  - d. Record and deposit the contributions.

# Contributions of money – Control System (continue)

Processing Non-Qualifying contributions:

1. Batch the contributions, prepare a deposit slip and follow the procedure below:
  - a. Make sure all contributions and pertinent information have been recorded.
  - b. List contributors' names and amounts on deposit slip and make a photocopy.
  - b. Photocopy each batch of checks or written instruments.
  - c. Record and deposit the contributions.

# **In-kind Contributions subject to the Expenditure Limitation**

**The value of an in-kind contribution is subject to the 2 million expenditure limitation if:**

- **the committee had directly paid for the goods or services contributed, the expenditure would have been subject to the expenditure limitation (including, but not limited to, the purchase of advertising time, signs, supplies, materials, donations of food or entertainment for fund raisers, etc., by a contributor on behalf of the committee).**

# **In-kind Contributions exempt from the Expenditure Limitation (Rule 39a)**

Based upon Rule 39a, the following in-kind contributions are exempt:

- **Security expenses billed to the committee by the Michigan State Police**
- **Expenses for, or donation of free services for, legal and accounting expenditures incurred by the committee solely to insure compliance with the Campaign Finance Act.**
- **Expenses incurred by the committee in response to a written complaint or in response to a Notice of Error or Omission or Late Filing Fee initiated by the Secretary of State.**

# In-kind Contributions exempt from the Expenditure Limitation (Rule 39a)

- Expenses incurred by the committee in response to a written complaint filed against the committee pursuant to Act or promulgated Rules.
- Post-election winding down costs:

Subsequent to the Primary Election for a Candidate Committee not participating in the General Election.

Subsequent to the General Election for a Candidate Committee participating in the General Election.

Include: record storage, communication thanking contributors or other persons who assisted in the campaign, if the communications occur no more than 60 days after the election.

# **In-kind Contributions exempt Miscellaneous**

- **This category is for in-kind contributions such as an endorsement or guarantee of a loan from a financial institution.**
- **An endorsement or loan guarantee is exempt from the expenditure limitation, subject to the individual's contribution limitation and reported with the debt on the debts and obligations schedule.**

# Other Receipts

- Funds received from the State Campaign Fund (must be deposited in the public funds account for the election for which the money is received).
- Bank loans should be entered as other receipts and must be deposited into the private funds account.
- Refunds, rebates, and proceeds from the sale of assets must be returned to the account from which the deposit, overpayment or purchase of assets was originally made.

**Note: If the money received was a result of an original expenditure subject to the expenditure limitations, the returned portion is a credit to the expenditure limitations.**

# Expenditures – Public Funds

- **Public funds may only be used for “qualified campaign expenditures.” These are expenditures “for services, materials, facilities or other things of value by the Candidate Committee to further the candidate’s nomination or election to office during the year in which the primary or general election” is held.**

# Expenditures – Public Funds (continued)

Public Funds cannot be used for any of the following:

- Debt incurred prior to the year of the election
- Any expenditure in violation of any U.S. or state law
- **A payment or reimbursement to the candidate or a relative within the third degree of consanguinity of the candidate, or to a business with which the candidate or relative is associated.**
- A payment or reimbursement to the lieutenant governor in the general election
- **A payment in excess of fair market value of services**
- **An individuals wage or salary in excess of \$5,000.00 Per month (including FICA & taxes)**
- Payment from petty cash
- Gifts (does not include brochures, buttons, signs and other printed material)
- Payment to a defense fund
- Incidental expenses of incumbents

# **Expenditures – Subject to 2 Million Limitation**

The 2 million dollar limitation is per election (primary vs. general) and includes the following expenditures:

- All payments of public and private funds
- Total amounts of debts or obligations owed by the committee other than a loan of money
- All expenditures made by the lieutenant governor in the general election
- Interest payments

# **Exempt Expenditures – Private Funds (Rule 39a)**

Based upon Rule 39a, the following expenditures are exempt:

- **Security expenses billed to the committee by the Michigan State Police**
- **Expenses for, or donation of free services for, legal and accounting expenditures incurred by the committee solely to insure compliance with the Campaign Finance Act.**
- **Expenses incurred by the committee in response to a written complaint or in response to a Notice of Error or Omission or Late Filing Fee initiated by the Secretary of State.**

# Exempt Expenditures – Private Funds (Rule 39a)

- Expenses incurred by the committee in response to a written complaint filed against the committee pursuant to Act or the promulgated Rules.
- Post-election winding down costs:

Subsequent to the Primary Election for a Candidate Committee not participating in the General Election

Subsequent to the General Election for a Candidate Committee participating in the General Election: record storage, communication thanking contributors or other persons who assisted in the campaign, if the communications occur no more than 60 days after the election.

# Exempt Expenditures – Private Funds - Miscellaneous

These expenditures include the following:

- Responding to an unfavorable media editorial. However, this exception applies only to one response for each editorial, and then only if free response time or space has been denied
- Repayment of a loan of money from a financial institution in its ordinary course of business
- Return of prohibited contributions

# **Exempt Expenditures – Private Funds - Miscellaneous**

- **For purposes of dissolving the committee, an expenditure from private funds to a Political Party Committee, Ballot Question Committee, Independent Committee, tax exempt charitable institution or to a contributor to the committee  
Other Receipts do not count towards contribution limits**
- **An accounting transfer of funds from the primary election private funds account to the general election private funds account after the primary election.**

# Exempt Expenditures – Private Funds - Miscellaneous

- A transfer of funds between the committee's private funds accounts due to an expenditure inadvertently made from the wrong account. (must have the prior written approval of the Bureau of Elections).
- An expenditure for photocopies of written instruments and other documentation necessary for processing of a Public Funds Application.
- An expenditure for additional costs incurred for electronically filing Campaign Statements or Public Funding Applications.

# **In-kind Expenditures Resulting in a Credit to the Expenditure Limit**

- **Fair market value of assets purchased for one election and used for a later election, unless the account from which the purchase was made is reimbursed.**
- **These also include the fair market value of assets donated to a Political Party Committee, Ballot Question Committee, a tax-exempt charitable organization or returned to contributors upon termination of the committee.**

# Exempt Expenditures – Public Funds

## Miscellaneous

The following expenditures may qualify for exempt miscellaneous if made from public funds:

- An expenditure which is a transfer of funds between the committee's private and public funds accounts due to an expenditure inadvertently made from the wrong account. (must have the prior written approval of the Bureau of Elections).
- Any return of unexpended public funds to the State Campaign Fund.

# Exempt Expenditures – Public Funds

- Expenditures made from public funds for repayment of a bank loan if the committee provides documentation that:
  - 1) The proceeds of the loan were used to make qualified campaign expenditures that were subject to the \$2 million expenditure limitations; and
  - 2) The qualified expenditures were not originally paid with public funds; and
  - 3) The public funds provided to the committee must be used to repay the bank loan. (Note: payment of interest on the loan is subject to the \$2 million limitation and cannot be paid with public funds).

## Debt Limitation

- (MCL 169.268) The committee, or any person, may not incur a debt for goods, service, facilities or anything of value which, when paid would cause the committee to exceed the expenditure limitations.

# Expenditures to Independent Contractors

The committee is required to report expenditures made to independent contractors and additional detail information regarding expenditures made by the contractor on behalf of the committee.

- Report the name and address of the contractor, the date, amount and purpose of the committee's expenditure to the contractor.
- Must report the name, address, date, amount and purpose of any expenditures of \$50.00 or more the contractor makes to any other person on behalf of the committee unless the contractor files a separate report of expenditures made on behalf of the committee.

**Example: advertising agency pays radio and television stations on behalf of the committee**

# Expenditures – Payroll

Gubernatorial Candidate Committee may not use public funds to pay a wage or salary to an individual in excess of \$5,000.00 per month.

- Any amount in excess of \$5,000.00 must be paid with private funds
- “wage or salary” means gross pay, or the amount of pay before deductions (FICA, income tax, etc.) are subtracted (for withholding: Consult IRS, Treasury, and where applicable, City Treasurer)
- Payroll expenditures may be subject to expenditure limitation or exempt from limitation, depending upon the activities of the particular employee.
- Because the Act speaks of a “per month” limitation on payments of wages or salaries from public funds, it is best for the committee to establish monthly or semi-monthly pay periods (weekly or biweekly payroll – Month =4.33 wks)

# Expenditures of Petty Cash

The committee may, but is not required to report the detailed information for the separate expenditures of cash out of the petty cash fund.

- The detailed petty cash information will be reviewed during the audit of the committee's records, cash expenditures will all fall into the "subject to limitation" category, because all "exempt" expenditures must be itemized
- Cash expenditures will all fall into the "subject to limitation" category, because all "exempt" expenditures must be itemized
- No public funds may be used for petty cash expenditures.

# Transfers Between Accounts

- Correcting Errors: A transfer between accounts to correct errors , but only with the prior written approval of the Bureau of Elections.
- Transferring Assets : Committees that participate in both the Primary and General Elections must 1) must “purchase” assets from the Primary Election public funds account and 2) may use either General Election public funds or General Election private funds to make the purchase.

**Note:** If the asset was originally purchased with private funds, the transfer will be an in-kind expenditure from the Primary Election and an in-kind contribution to the General Election.

# Transfers Between Accounts

- Private Funds: Because of the necessity of segregating expenditures by election, private funds received for one election and intended to be used to make expenditures for another election must be “transferred” between “accounts”. Note: This is an accounting transfer only (no physical movement of funds).

The accounting transfer is reported as an “exempt miscellaneous expenditure” on the Primary Election Campaign Statement and as an “itemized other receipts” on the General Election Campaign Statement.

The transaction should occur after the Primary Election and should be reported on the Post-Primary Campaign Statement. The transfer should include the entire ending balance unless outstanding debts for the primary remain.

# Inventory of Assets

- The committee must maintain a record of all assets purchased. The record should indicate the purchase price and whether the purchases were made with public or private funds. Note: the proceeds from the sale must be deposited into the account from which the original purchase was made
- When the committee participates in both elections, the value of the assets at the time of the transfer or reimbursement must be determined
- The Inventory Form was designed primarily to keep track of permanent assets (furniture, office equipment, etc.) The committee should use the Inventory form on two occasions. 1) if the committee sells any of its permanent assets or 2) when assets are used in both the Primary and General Elections

# Inventory of Assets Form

The Inventory Form provides for three types of assets that may be allocated from the Primary Election to the General Election: 1) permanent assets, 2) consumable supplies, and 3) film and tape production cost.

- Permanent assets : The committee should depreciate the original value of permanent assets at the time of the allocation to the General Election
- Consumable supplies: For ease of reporting, the Bureau of Elections recommends that the committee make a decision early in the campaign to make all purchases of consumable supplies from only one account.
- Film and Tape Production Cost: These are costs of production of radio and television tapes and film, shot or taped originally for the Primary and of which some portion is to be used in the General

# Debts and Obligations: Owed to Committee

- Debts owed to the committee are usually the result of a previous expenditure made by the committee. When the debt is repaid, it will be an “itemized other receipt” for the committee and may also be a credit to the expenditure limitation.
- Public Funds: deposits, such as a security deposit paid for use of an office or other facility, or for a utility, originally paid from the public funds account. Also known overpayments made from public funds for which a refund has not yet been received.
- Money owed to the committee from the sale of committee assets that were originally purchased with public funds.

# Debts and Obligations: Owed to Committee

- Do not include monies applied for but not yet received from the State Campaign Fund.
- Private Funds: Payment of a debt or obligation to the private funds account will be a credit to either the expenditure limitation or the exempt 39a category, depending upon the purpose of the original expenditure.

**Example:** if the original expenditure was a deposit for a facility for a fund raising event that was subject to the expenditure limitation, the refund of the deposit would be a credit to the expenditure limitation.

# Debts and Obligations: Owed by Committee

- Debts or obligations owed by the committee may be subject to the expenditure limitation or exempt from limitation. If an expenditure of money would fall into a particular category, then a debt incurred for the same purpose would fall into the same category.
- Loans: from a person or a financial institution. A loan from a person is a contribution and is subject to contribution limits. Repayments of a loan from a person reduces that person's cumulative contributions. Debt forgiven or repaid by someone other than the committee, becomes an in-kind contribution (also subject to the contribution limits) from the person repaying it or forgiving the debt.

# Debts and Obligations: Owed by Committee

- **Accrued wages and unpaid withholdings for FICA, FUTA, income taxes, etc., are also debts owed by the committee and must be reported by the committee on the Debts and Obligations Schedule .**
- **Only private fund expenditures can be categorized as exempt from expenditure limitation. The only debt that can be repaid with public funds is a bank loan for which the committee has received special written permission from the Bureau of Elections**



MICHIGAN DEPARTMENT OF STATE  
BUREAU OF ELECTIONS

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**THE END**