

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN

SECRETARY OF STATE

STATE TREASURY BUILDING



LANSING

MICHIGAN 48913

November 2, 1978

Mr. Roland T. Baumann II
Assistant General Counsel
Michigan Farm Bureau
7373 West Saginaw Highway
Lansing, Michigan 48909

Dear Mr. Baumann:

This is in response to your request for an interpretation concerning the provisions of the Campaign Finance Act, P.A. 388 of 1976, as amended ("the Act"), governing a nonprofit corporation.

Specifically, you ask whether contributions for a separate segregated fund established by a nonprofit corporation under Section 55 of the Act (MCLA § 169.255) may be solicited from: (1) the officers and directors of the nonprofit corporation, and (2) the employees of the nonprofit corporation who have policy making, managerial, professional, supervisory, or administrative nonclerical responsibilities.

Section 55 allows a corporation to establish a separate segregated fund to be used for political purposes. This statutory provision reads as follows:

"(1) A corporation or joint stock company formed under the laws of this or another state or foreign country may make an expenditure for the establishment and administration and solicitation of contributions to a separate segregated fund to be used for political purposes. A fund established under this section shall be limited to making contributions to, and expenditures on behalf of, candidate committees, ballot question committees, political party committees, and independent committees.

"(2) Contributions for a fund established by a corporation or joint stock company under this section may be solicited from any of the following persons or their spouses:

- "(a) Stockholders of the corporation.
- "(b) Officers and directors of the corporation.
- "(c) Employees of the corporation who have policy making, managerial, professional, supervisory, or administrative nonclerical responsibilities.

"(3) Contributions for a fund established under this section by a corporation which is nonprofit may be solicited from any of the following persons or their spouses:

- "(a) Members of the corporation who are individuals.
- "(b) Stockholders of members of the corporation.
- "(c) Officers or directors of members of the corporation.
- "(d) Employees of the members of the corporation who have policy making, managerial, professional, supervisory, or administrative nonclerical responsibilities.

"(4) Contributions shall not be obtained for a fund established under this section by use of coercion, physical force, or as a condition of employment or membership or by using or threatening to use job discrimination or financial reprisals.

"(5) A person who knowingly violates this section is guilty of a felony and shall be punished by a fine of not more than \$5,000.00 or imprisoned for not more than 3 years, or both, and if the person is other than an individual, the person shall be fined not more than \$10,000.00."

Unlike Section 55(2)(b) which contains the phrase "officers and directors of the corporation," Section 55(3)(c) contains the phrase "officers or directors of members of the corporation." Similarly, unlike Section 55(2)(c) which contains the phrase "employees of the corporation," Section 55(3)(d) contains the phrase "employees of the members of the corporation."

A casual reading of Sections 55(2) and 55(3) may lead to the conclusion they are mutually exclusive, i.e., the latter applies to nonprofit corporations and the former to all other corporations. However, an examination of Sections 54 and 55, which are the provisions of the Act authorizing corporate involvement in the financing of elections, reveals Section 55(3) is the only provision that singles out nonprofit corporations. For example, Section 55(1) states a "corporation" may establish a separate segregated fund; it does not refer specifically to a nonprofit corporation. Similarly, Section 54 in identifying contributions prohibited to corporations does not single out nonprofit corporations. It would be erroneous to conclude these statutory provisions do not apply to nonprofit corporations because they do not contain a reference to the latter. Thus, it is more appropriate to conclude Section 55(2), although not making specific reference to corporations, does include them.

Consequently, contributions for a separate segregated fund established pursuant to Section 55(1) by a nonprofit corporation may be solicited from (1) the officers and directors of the nonprofit corporation and (2) the employees of the nonprofit corporation who have policy making, managerial, professional, supervisory, or administrative nonclerical responsibilities. It follows from the above that in the case of a fund established by a nonprofit corporation, solicitations permitted by Section 55(3) are in addition to those permitted by Section 55(2).

It should be noted Section 55(3) restricts contributions for a fund established by a nonprofit corporation to several categories of "persons or their spouses." This language precludes, for example, a corporation which is a stockholder of a member of a nonprofit corporation from contributing to the latter's separate segregated fund.

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