

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN

SECRETARY OF STATE

STATE TREASURY BUILDING



LANING

MICHIGAN 48918

August 5, 1980

Mr. Marc T. Dedenbach  
The Michigan Hospital Association  
2213 East Grand River Avenue  
Lansing, Michigan 48912

Dear Mr. Dedenbach:

This is in response to your request for a declaratory ruling concerning applicability of the Campaign Finance Act ("the Act"), 1976 PA 388, as amended, to solicitation of various persons by a non-profit corporation. You state the following:

"Hospitals throughout the state are given support by volunteers in the community. These volunteers come together at the individual hospital level to form hospital auxiliaries. The volunteers who work in the hospital are not paid for the services they render. The hospital bylaws usually recognize the local auxiliaries as a part of the hospital's organizational structure. The majority of volunteers pay dues to the auxiliaries, which are used to support the auxiliary and the hospital. The auxiliaries do not pay dues to the MHA."

"On a statewide basis, the auxiliaries are organized into six districts. Members of local auxiliaries elect auxiliaries to serve on the six district boards. The Michigan Association of Hospital Auxiliaries (MAHA) is the state level organization of auxiliaries. The district presidents, along with elected officers, serve on the Board of Directors of the MAHA. The MAHA and the district organizations are unincorporated, voluntary associations. A few of the local auxiliaries have incorporated."

"The purpose of the MAHA is to support the MHA, the American Hospital Association and local auxiliaries. The president of the MAHA is a voting member of the House of Delegates of the MHA. The House of Delegates is that body, made up of all the members of the MHA, which meets to pass on policy matters of MHA. The president of the MAHA is an ex-officio member of the MHA's Board of Trustees, attends the MHA board meetings and presents an annual report to the MHA Board."

"The MHA is a nonprofit corporation and has established an independent political committee, the Hospital Association Political Action Committee (HAPAC), which is registered with the Secretary of State."

"It is my understanding that contributions to HAPAC can be solicited from: 1) officers and directors of the MHA; 2) employees of the MHA who have a policy-making, managerial, professional, supervisory or administrative non-clerical responsibility; 3) members of the MHA who are individuals; 4) officers or directors of members of the MHA; and 5) employees of members of the MHA who have a policy-making, managerial, professional, supervisory or administrative non-clerical responsibility."

"I am requesting a declaratory ruling on the following questions:

1. Whether MHA can solicit contributions to HAPAC from the five categories of persons listed above?
2. Whether volunteers of local hospitals, represented on the MHA's House of Delegates, are 'members' of the MHA who are individuals, within the scope of P.A. 388 of 1976, even though they do not pay dues to the MHA?
3. Whether MHA can lawfully solicit contributions to HAPAC from individual auxiliaries?"

Section 55 of the Act (MCL 169.255) governs a nonprofit corporation's establishment of a separate segregated fund to be used for political purposes. This provision states:

"(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:

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- (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."

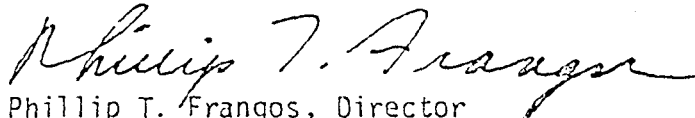
In response to your first question, therefore, MHA may solicit contributions to HAPAC from the five categories of persons you list. However, the knowledge that you may solicit from the above list is of little use unless you have a definition of the term "member." The latter term is not defined in the Act; the Department cannot determine MHA's membership without further information from you.

Similarly, the remaining questions cannot be answered without this additional information since the response to these two questions is dependent on the definition of "member." It should be noted, however, that nothing in your request claims that the auxiliaries are members of the MHA. You only claim that the president of MAHA is a voting member of the House of Delegates of the MHA. In the absence of additional information from you, it does not appear that the auxiliaries are members of the MHA. Based on the information submitted by you, it does not appear possible for HAPAC to solicit the auxiliaries.

Section 120 of the General Corporation Act (MCL 450.120) states, "Membership in all non-profit corporations shall be governed by such rules of admission, retention, and dismissal, as the articles or by-laws shall prescribe: Provided, that all such rules shall be reasonable, germane to the purposes of the corporation, and equally enforced as to all members." Accordingly, whether an individual shall be considered a "member" for solicitation purposes depends on the rules prescribed by the articles or by-laws of MHA. It is necessary to submit the articles of incorporation or by-laws regarding membership in the Michigan Hospital Association in order that your request for a declaratory ruling may be properly addressed.

This response is informational only and does not constitute a declaratory ruling.

Very truly yours,



Phillip T. Frangos, Director  
Office of Hearings & Legislation

PTF/jmp

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