MICHIGAN   DEPARTMENT   OF   STATE

RICHARD H. AUSTIN   •   SECRETARY OF STATE

STATE TREASURY BUILDING

6-81-CI

LANSING

MICHIGAN   48918

September 4, 1981

Olivia Maynard
Chairperson
Michigan Democratic Party
1300 E. Lafayette
Detroit, Michigan 48207

Dear Ms. Maynard:

This is in response to your inquiry concerning the applicability of the
Campaign Finance Act ("the Act"), 1976 PA 388, as amended, to an account
recently opened by the Michigan Democratic Party as a result of the passage
of 1981 PA 25.

Your question specifically asks about 1981 PA 25 which provides for a total
appropriation of $500,000.00 to the Commission on Legislative Apportionment.
The Commission is made up of eight members evenly split between the two major
political parties. The appropriation requires that $250,000.00 be spent
under the direction of the four members of one of the parties and that the
other $250,000.00 shall be spent under the direction of the other four members
of the Commission. Section 16 of 1981 PA 25 limits the use of the funds to
legislative apportionment purposes as specified in section 6 of article 4 of
the State Constitution of 1963 and various statutes. The Departments of
Management and Budget and State are directed to develop audit procedures to
insure that the funds have been expended for the purposes intended.

At its meeting held June 1, 1981, the Apportionment Commission unanimously
adopted the following resolution with respect to the funds appropriated by
1981 PA 25:

> "WHEREAS, Act No. 25 of the Public Acts of 1981 contains an appropriation
> in Section 1 to the Commission on Legislative Apportionment in the amount
> of Five Hundred Thousand and no/100 Dollars ($500,000.00), and further
> provides in Section 16:

'Of the $500,000.00 appropriated in Section 16 for the commission
on legislative apportionment, $250,000.00 shall be expended under
the direction of the 4 members of the commission selected pursuant
to section 6 of article 4 of the constitution of 1963 by the state
organization of 1 of the political parties represented on the
commission, with the other $250,000.00 to be expended under the
direction of the other 4 members of the commission selected pursuant
to section 6 of article 4 of the state constitution of 1963. The
$500,000.00 appropriated in section 1 shall be expended only for
purposes of carrying out the activities required by section 6 of
article 4 of the state constitution of 1963; Act No. 261 of the
Public Acts of 1966, as amended, being sections 46.401 to 46.616
of the Michigan Compiled Laws: and section 22, chapter 28, 46 Stat.
26, U.S.C. 2a. The $500,000.00 appropriated in section 1 may be
expended beginning on the first day that the commission convenes
and may be expended in lump sums up to $250,000.00. The department
of management and budget and department of state shall jointly
develop audit procedures to insure that these funds have been
expended for the purposes intended by this section.'

WHEREAS, the four commissioners selected by the Republican Party and the
four commissioners selected by the Democratic Party have each decided to
expend the Two Hundred Fifty Thousand and no/100 Dollars ($250,000.00)
allocated by the statute to each group of commissioners.

Resolved by the Commission on Legislative Apportionment that:

1. Two Hundred Fifty Thousand and no/100 Dollars ($250,000.00) is hereby
transferred under the direction of the four commissioners selected by the
Michigan Republican Party to the Republican State Committee of Michigan,
to be expended only for the purposes intended by Section 16 of Act No. 25
of the Public Acts of 1981.

The funds shall be deposited in an account separate from all other funds
of the Republican State Committee of Michigan, and any of the four
Commissioners selected by the Republican State Committee shall be entitled
to review the records of disbursement at any time during normal business
hours. The Republican State Committee shall cooperate with the Department
of Management and Budget and the Department of State.

2. Two Hundred Fifty Thousand and no/100 Dollars ($250,000.00) is hereby
transferred under the direction of the four commissioners selected by the
Michigan Democratic Party to the Democratic State Central Committee of
Michigan, to be expended only for the purposes intended by Section 16, Act
No. 25 of the Public Acts of 1981.

The funds shall be deposited in an account separate from all other funds of
the Michigan Democratic Party, and any of the four Commissioners selected
by the Democratic Party shall be entitled to review the records of
disbursement at any time during normal business hours. The Michigan
Democratic Party shall cooperate with the Department of Management and
Budget and the Department of State."

It is clear from both 1981 PA 25 and the resolution of the Commission on Legislative Apportionment that the funds to be utilized by the political parties are to be used only for legislative apportionment purposes and are not to be used for any purpose within the scope of the Campaign Finance Act.

Political parties perform a wide variety of functions in our society. They are not single purpose organizations devoted only to the election of candidates to public office. The Election Code establishes various roles for political parties and substantially regulates their operations. 1981 PA 25 and the resolution of the Commission on Legislative Apportionment simply set up a new job for the political parties. That activity is entirely independent of supporting the election of candidates and opposing or supporting the enactment of ballot questions, and is not reportable under the Act.

Please be informed that on June 2, 1981, the Department of Management and Budget, in a letter signed by James Bolthouse, Director, Accounting Division, established standards for recording and reporting expenditures made involving these special apportionment funds.

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

Very truly yours,

Phillip T. Frangos, Director
Office of Hearings & Legislation

PTF/cw