

## MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN

SECRETARY OF STATE

STATE TREASURY BUILDING



LANSING

MICHIGAN 48918

June 15, 1988

John A. Miller  
17514 Wildemere  
Detroit, Michigan 48221

Dear Mr. Miller:

This is in response to your request for an interpretive statement concerning the application of the Campaign Finance Act (the Act), 1976 PA 388, as amended, to the activities of the Michigan Republican Conservative Committee (MRCC), a group you propose to establish. Specifically, you ask if there is anything in the group's "Statement of Purpose" or proposed activities which would require the group to register as a committee under the Act.

Pursuant to section 24 of the Act (MCL 169.224), a committee must file a statement of organization within 10 days after it is formed. A person other than an individual becomes a committee upon meeting the definition set out in section 3(4) of the Act (MCL 169.203). This section states:

"Sec. 3. (4) 'Committee' means a person who receives contributions or makes expenditures for the purpose of influencing or attempting to influence the action of the voters for or against the nomination or election of a candidate, or the qualification, passage, or defeat of a ballot question, if contributions received total \$200.00 or more in a calendar year or expenditures made total \$200.00 or more in a calendar year. An individual, other than a candidate shall not constitute a committee."

"Contribution" and "expenditure" are defined in section 4(1) and section 6(1) (MCL 169.204 and 169.206), respectively, as follows:

"Sec. 4. (1) 'Contribution' means a payment, gift, subscription, assessment, expenditure, contract, payment for services, dues, advance, forbearance, loan, donation, pledge or promise of money or anything of ascertainable monetary value, whether or not conditional or legally enforceable, or a transfer of anything of ascertainable monetary value to a person, made for the purpose of influencing the nomination or election of a candidate, or for the qualification, passage, or defeat of a ballot question. An offer or tender of a contribution is not a contribution if expressly and unconditionally rejected or returned.

\* \* \*

Sec. 6. (1) 'Expenditure' means a payment, donation, loan, pledge, or promise of payment of money or anything of ascertainable monetary value for goods, materials, services, or facilities in assistance of, or in opposition to, the nomination or election of a candidate, or the qualification, passage, or defeat of a ballot question. An offer or tender of an expenditure is not an expenditure if expressly and unconditionally rejected or returned."

These definitions indicate that MRCC is a committee subject to the Act's registration and reporting requirements if it receives or spends \$200.00 or more in a calendar year to influence the outcome of an election.

According to its "Statement of Purpose," MRCC is or will be established to promote conservative policies, to build coalitions, and to discourage single issue politics within the Michigan Republican Party. The statement further provides that MRCC "must not endorse, support or discourage specific candidates or ballot questions." In addition you indicate:

"I want the group to be able to solicit personal and corporate funds for the following purposes:

- 1) Administrative, mailing and meeting/convention costs;
- 2) Promotion of conservative policies in the Republican Party by recruiting precinct delegates;
3. Donations to political action committees;
4. Publications of newsletters featuring members and their efforts or accomplishments, legislative updates from various members and legislators, informational 'pro and con' discussions of various issues designed to educate the reader and encourage voter participation in elections. Again, this newsletter would not endorse specific candidates, or support/take 'positions' on ballot questions.

Further, if membership dues are received, I would like a percentage of dues to be given by this committee to various political action committees." (Emphasis added)

Although "political action committee" is not defined in the Act, it is frequently used to refer to corporate separate segregated funds, which are discussed in more detail below, and independent committees registered with the Secretary of State. By definition, a committee registered under the Act receives contributions and makes expenditures for the purpose of influencing an election. As indicated previously, "donation" is included in the definitions of "contribution" and "expenditure." Therefore, if MRCC donates funds to a "political action committee" which is a committee under the Act, the donation is

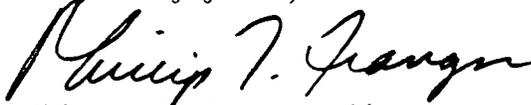
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a contribution or expenditure and is governed by the Act's requirements. This is true even if MRCC does not support or oppose a specific candidate or ballot question. If MRCC's contributions to other committees total \$200.00 or more in a calendar year, MRCC is itself required to register as a political committee and is subject to the Act's restrictions.

Finally, it should be noted that pursuant to section 55 of the Act (MCL 169.255), a corporate separate segregated fund may only receive contributions from a limited group of contributors, including stockholders, corporate officers and directors, and managerial, professional and policy making employees. Consequently, MRCC may not make contributions to independent or political committees which are separate segregated funds.

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

Very truly yours,



Phillip T. Frangos, Director  
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PTF/AC/cw