

## MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN

SECRETARY OF STATE

STATE TREASURY BUILDING



LANSING

MICHIGAN 48918

November 1, 1985

Kenneth C. Sparks  
 Bauckham, Reed, Lang,  
 Schaefer & Travis, P.C.  
 132 W. South Street  
 Kalamazoo, Michigan 49007

Dear Mr. Sparks:

This is in response to your inquiry concerning applicability of the Campaign Finance Act (the Act), 1976 PA 388, as amended, to a fundraising raffle sponsored by the Michigan Townships Association (the Association).

Specifically, you indicate the Association is a non-profit corporation which has organized a separate segregated fund pursuant to section 55 of the Act (MCL 169.255). You ask whether the Association may pay the costs of administering and publicizing a raffle where "the proceeds from the raffle will go directly to [the Association's] separate segregated fund, the Michigan Townships Association-Political Action Committee (MTA-PAC)."

As noted, section 55 allows a corporation to form a separate segregated fund to be used for political purposes. However, pursuant to section 55(1), the corporation is limited to making expenditures "for establishment and administration and solicitation of contributions" to the fund. It is clear that payment of costs associated with a raffle are not establishment or administration expenses. Therefore, a corporation may underwrite a raffle held for the benefit of its separate segregated fund only if the underwritten costs are expenditures for the solicitation of contributions to the fund.

In the attached interpretive statement to Mr. Jack Schick, dated October 4, 1984, the Department indicated that "[t]he purchase of entertainment, premiums and raffle prizes is not included in the ordinary meaning of the term solicitation." Moreover, the Department noted that interpreting the Act to allow corporate payment of "entertainment, premiums or raffle prizes as solicitation expenses would permit the corporation to make indirect contributions of corporate funds to the separate segregated fund." Given the historic limitation on corporate participation in Michigan elections and the specific prohibitions found in sections 54 and 55 of the Act, the Department concluded that a cor-

Kenneth C. Sparks  
Page 2

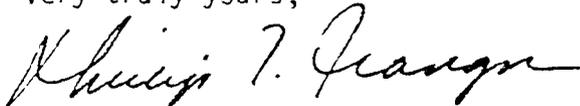
poration may not underwrite a fundraising event for the benefit of its separate segregated fund.

This analysis is directly applicable to the question you raise. Thus, for the reasons stated in Schick, the Michigan Townships Association is prohibited from conducting a fundraising raffle where the proceeds from the raffle will go to the Association's separate segregated fund.

If no corporate funds are utilized to purchase prizes or spent for other expenses of the fundraising raffle, the event may be held. It should be reiterated that only persons who may be solicited pursuant to section 55 of the Act (MCL 169.255) are permitted to purchase raffle tickets or otherwise participate in fundraisers conducted by the separate segregated fund.

This response is informational only and does not constitute a declaratory ruling because none is requested.

Very truly yours,



Phillip T. Frangos  
Director  
Office of Hearings and Legislation

PTF/cw

Attachment