

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN

SECRETARY OF STATE

STATE TREASURY BUILDING

LANSING
MICHIGAN 48918

October 23, 1981

John L. Ward, II, Director
Senate Republican Office
Program and Research Staff
Staff Capitol Building
Lansing, Michigan 48909

Dear Mr. Ward:

This is in response to your request for an interpretative statement concerning the Campaign Finance Act (the "Act"), 1976 PA 388, as amended.

Specifically, you referred to a May 30, 1979, interpretative statement (Honorable George Montgomery) and a January 29, 1980, declaratory ruling (Mr. Gene E. Overbeck) which discussed the definition "committee" in the Act. You take exception to some of the conclusions reached in those two Department of State responses and ask the following question:

"Must a 'person' who makes a 'contribution' that is in excess of \$200.00, but less than the limitations on 'contributions' as established in section 52 and 54 of the Act and is not prohibited by the Act, register as a 'committee'?"

"Committee" is defined in section 3(4) of the Act (MCL 169.203(4)):

"(4) 'Committee' means a person who receives contributions or makes expenditures for the purpose of influencing or attempting to influence the action of 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."

Section 6 of the Act (MCL 169.206) defines "expenditure" in part as follows:

"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

(2) Expenditure includes a contribution or a transfer of anything of ascertainable monetary value for the purposes of influencing the nomination or election of a candidate, or the qualification, passage, or defeat of a ballot question."

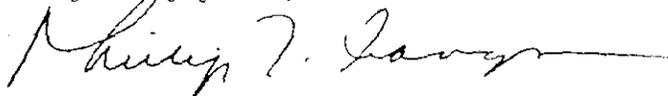
Under this definition, a contribution made to a candidate committee, ballot question committee, political party committee, independent committee, or political committee is an expenditure made by the contributor. When that contribution/expenditure is for the purpose of influencing an election, exceeds \$200.00, and is made by a "person" who is not an individual, the "person" is a committee and must file as such. Likewise a labor union which contributes more than \$200.00 to a ballot question committee or a corporation which purchases an advertisement or advertisements in a newspaper that total more than \$200.00, in support of or in opposition to a ballot question must file as a committee.

The only entity which may receive contributions or make expenditures totalling \$200.00 or more in a single year without being required to file as a committee is an individual. If an individual is a sole proprietor it does not matter whether checks are drawn on the individual's personal or business account. The contributions or expenditures do not result in an obligation to become a committee. This exception is included in section 3(4) of the Act (MCL 196.203(4)). Checks drawn on the owner's personal account and checks drawn on the business account must be combined for the purpose of the limits on contributions for a person set forth in section 52 of the Act (MCL 169.252).

Because an expenditure can be a "contribution" and a contribution can be an "expenditure," your statement, "A 'person' who makes a 'contribution,' is not a 'committee' anymore than a 'person' who receives an 'expenditure.'" is incorrect. Making a contribution is making an expenditure and receiving an expenditure is receiving a contribution.

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

Very truly yours,



Phillip T. Frangos, Director
Office of Hearings and Legislation

PTF/cw