

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING

LANSING
MICHIGAN 48918

July 11, 1984

Senator Robert A. Welborn
The State Capitol
Lansing, Michigan 48909

Dear Senator Welborn:

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

You ask if it is permissible under the Act for a campaign committee to hold a fundraising event (golf outing) and share the proceeds with a charitable organization.

Section 4(2) of the Act includes in the definition of contribution "the purchase of tickets or payment of an attendance fee for events such as dinners, luncheons, rallies, testimonials, and similar fund raising events." Section 6(1) includes in expenditures "any payment, donation, . . . or anything of ascertainable monetary value . . . in assistance of, . . . the nomination or election of a candidate." Clearly the proceeds of a golf outing held by a candidate committee are contributions and the costs incurred in holding the outing are expenditures under the Act.

Your central question is whether contributions and/or expenditures may be shared with a charitable organization. In a letter to Representative Francis R. Spaniola (July 26, 1977) the Department indicated that the Act permits a campaign committee to pay for the cost of printing tickets for a festival sponsored by a non-profit organization. A copy is attached for your convenience.

The Department has also issued two other letters which bear on the issue being discussed. In a letter to Mr. Wayne M. Deering (August 6, 1980) the Department addressed the issue of a joint fundraiser by a state candidate committee and a federal candidate committee. After noting that a federal candidate committee has no particular status under the Act, the Department determined that such a joint fundraiser is permissible under the guidelines set forth in a letter to Mr. Michael W. Hutson (September 20, 1978). Those guidelines are briefly, that expenditures and contributions must be proportionally shared between joint fundraisers and the share of expenditures and

contributions must be the same. Copies of these letters are also attached for your convenience.

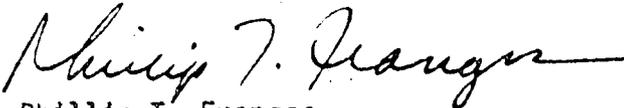
It is noteworthy that the Deering letter states that a campaign committee may not pay more than its fair proportion of joint expenses but that the federal committee may pay more than its share of expenses in which case the excess over the fair share would be treated as contributions to the state campaign committee and be controlled by section 52 of the Act.

Applying the principles set forth in these letters to the question you raise, the Department does not consider the Act as prohibiting a joint fundraiser by a candidate committee and a bona fide charitable organization as long as the proportion sharing principles set forth in the Hutson letter are observed. In applying these principles to your situation, the candidate committee must adhere to the guidelines set forth. The charitable organization must also adhere to the same guidelines because its activity would affect the strictures or recording and reporting requirements the Act places on the candidate committee. Additionally, the charitable organization may be subject to the Act's reporting requirements if it pays more than its fair proportion of the joint expenses.

Many charitable organizations are in fact incorporated. Section 54 of the Act prohibits a corporation from making a contribution or expenditure to a campaign committee. Thus, if the charitable organization the campaign committee contemplates hosting the joint fundraiser with is a corporation, the strict requirements of the Hutson letter would have to be observed. That is the corporation could not pay more than its fair share of the expenditures, since the amounts in excess of a fair proportion would be considered a prohibited contribution. Also, it should be kept in mind that corporations cannot purchase tickets to the golf outing.

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
Enc.