MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING

LANSING
MICHIGAN 48918

January 3, 1984

L. Brooks Patterson
Prosecuting Attorney
Courthouse Tower
Pontiac, Michigan 48053

Dear Mr. Patterson:

In your letter of November 17, 1983, you request that the Secretary of State issue a declaratory ruling on the question of whether the contribution limits of section 52 of the Campaign Finance Act, 1976 PA 388, as amended (the "Act"), are applicable to contributions made to an officeholder who is the subject of a recall election.

Your request was made subsequent to the dismissal of your action against Senator Mastin's candidate committee in Oakland County Circuit Court. The dismissal was based on your failure to seek a declaratory ruling from the Secretary of State prior to seeking declaratory relief from the Court.

Specifically you state the following:

> "I am requesting that you specifically rule whether Section 52 of the Campaign Finance Act applies to a candidate committee of an office holder subject to a recall vote. I am sure that you are aware of the October 7, 1983 letter from Mr. Philip T. Frangos, Director of Hearings and Legislation for your office, which advises that the provisions of Section 52 do not apply to a candidate for recall. I disagree with that ruling and request that you reconsider it and issue a formal declaratory ruling on that issue."

This review of the matter indicates that the letter issued by Phillip T. Frangos October 7, 1983, reaches the correct conclusion with respect to the applicability of section 52 of the Act (MCL 169.252). The basis for concluding that contributors are not bound by the contribution limits of section 52 is set forth in the letter as follows:

"Pursuant to section 12(2) of the Act (MCL 169.212), a member of the Legislature is a candidate for 'state elective office.' However, 'elective office' is defined in section 5(2) of the Act (MCL 169.205) as 'a public office filled by an election, except for federal offices.' Since a recall vote does not fill a public office, it must be concluded that the candidate committee of an officeholder subject to a recall vote is not a 'candidate commitee of a candidate for state elective office.' Therefore, section 52 does not apply to contributions received by an officeholder who is being recalled, provided the contributions are designated for a recall election.

In an election to fill an office, the opponents are two or more candidate committees operating under the same restrictions. For example, in a state senatorial election, contributions to each candidate are limited by section 52(1) to $450.00, unless made by an independent commitee, political party committee, or the state central committee of a political party. Contributions from these committees, however, are subject to other restrictions.

Proponents of a recall measure are required to file a statement of organization as a political committee. Contributions to political committees are not subject to limitation under the Act. If section 52 were to apply to contributions received by the candidate committee of a state elective officeholder facing a recall, the opponents in a recall election would be operating under different sets of rules. Such an interpretation would undermine the open and fair election policy otherwise promoted by the Act by allowing the political committee advocating the recall to engage in unlimited fundraising, while severely limiting the officeholder's ability to raise money. This result, which is inconsistent with the Act's purpose, is both absurd and unfair and could not have been intended by the Legislature. Consequently, section 52 cannot be construed as applying to contributions received by the candidate committee of a state elective officeholder facing a recall election."

One of the points made in the material submitted along with the request for a declaratory ruling is that the previous letter ignores section 5(1) of the Act (MCL 169.205). That section defines the term election. Recall elections are specifically included in the definition. This provision was not ignored in drafting the previous letter. It is clear that a recall vote is an election pursuant to the Act. As a result committees which participate in recall elections are required to meet all the registrations and disclosure requirements of the Act. It is not inconsistent to conclude that even though a recall vote is an election that the provisions of section 52 are not applicable since the officeholder who is the subject of the recall vote is not a "candidate for state elective office" which is a prerequisite to the application of the contribution limits set forth in section 52.

In upholding the contribution limits established in the Federal Election Campaign Act, the U.S. Supreme Court in Buckley v Valeo, 424 US 1 (1976) pointed

to the fact that the contribution limits applied equally to incumbents and challengers as follows:

> "Apart from these First Amendment concerns, appellants argue that the contribution limitations work such an invidious discrimination between incumbents and challengers that the statutory provisions must be declared unconstitutional on their face. In considering this contention, it is important at the outset to note that the Act applies the same limitations on contributions to all candidates regardless of their present occupations, ideological views, or party affiliations. Absent record evidence of invidious discrimination against challengers as a class, a court should generally be hesitant to invalidate legislation which on its face imposes evenhanded restrictions." (424 US 1 at 31)

The Secretary of State has an obligation to administer this law in a constitutional fashion and to implement the statute so as to avoid absurd results.

To implement the statute as you have suggested would treat contributors to the proponents of a recall differently than contributors to the committee of the state official who is the subject of the recall. Such a construction would subject the Act to a challenge on constitutional grounds. In addition it would create a result that clearly could not have been intended by the Legislature.

This response is a declaratory ruling as provided for in the Act, the Rules and the Michigan Administrative Procedures Act.

Very truly yours,

Richard H. Austin
Secretary of State

RHA/cw

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING

LANSING
MICHIGAN 48918

January 24, 1984

Mrs. Florence F. Saltzman
30630 Woodside Drive
Franklin, Michigan 48025

Dear Mrs. Saltzman:

This is in response to your inquiry concerning the Campaign Finance Act, 1976 PA 388, as amended (the "Act"). You submitted a document entitled "Twenty Questions in the Franklin School Property Purchase" and ask if the document may be defined as "a political piece of a group attempting to influence an election and if so, shouldn't the group file an organization statement plus a detailed report?" You indicate that it is your belief that the document "represents a group attempting to influence an election" and ask that, if the Department agrees, we notify the Oakland County Clerks office and yourself "so that Oakland County can . . . request the group's filing."

In response to your questions, it must first be pointed out that the conclusion of the document states, "The purpose of this questionnaire is to ask questions that need answering and to get maximum voter participation." Nowhere in the document may be found any statement urging voters to support or reject any particular position (i.e., "Vote Yes (or No) on the Franklin School Property Purchase!"). The Act requires that certain expenditures be reported and excludes:

> "An expenditure for communication on a subject or issue if the communication does not support or oppose a ballot issue or candidate by name or clear inference . . . ." (MCL 169.206(3)(c))

Because the document which you submitted does not appear to "support or oppose a ballot issue" either directly "or by clear inference," funds used to pay for it do not fall within the definition of expenditures which must be reported.

A "committee" is defined at section 3(4) of the Act as meaning:

> " . . . 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 . . . qualification, passage, or defeat of a ballot question, if . . . expenditures made total $200.00 or more in a calendar year."

Because the document you submitted does not appear to "influence or attempt to influence the action of the voters for or against" the "Franklin School Property Purchase" but rather appears to "ask questions . . . and to get maximum voter participation," it follows that the group circulating the document is not a "committee" as defined above, and therefore need not file a statement of organization or campaign statements until it actually becomes a committee as defined in the Act.

The above is not a declaratory ruling concerning the Act because none was requested.

Very truly yours,

Phillip T. Frangos
Director
Office of Hearings and Legislation

WB/cw

2-84-CD

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING

LANSING
MICHIGAN 48918

January 24, 1984

S. James Clarkson
4000 Town Center, Ste. 1470-A
Southfield, Michigan 48075

Dear Mr. Clarkson:

This is in response to your inquiry concerning the Campaign Finance Act (the "Act"), 1976 PA 388, as amended. You requested a Declaratory Ruling concerning literature you contemplate sending to other attorneys indicating that:

> " . . . Many friends have asked me to run for re-election (to a judicial position). I thought it best to first ask the lawyers if enough share the same opinion."

You go on to advise that, based upon your experience, " . . . I feel that I can serve in a way that would make the practice of law more of an enjoyment than a tribulation. I hope that in the event I decide to 'throw my hat into the ring' I can have your support." You ask if circulating the literature described above requires that you "comply with the identification and disclaimer requirements of the . . . Act and establishes me as a candidate, or whether this represents a mere intention preliminary to determining whether to be a candidate" and therefore, compliance with the Act is not required.

A person becomes a candidate for purposes of the Act by falling within the definition of "candidate" found in the Act. Section 3(1) sets forth this definition as follows:

> "Sec. 3. (1) 'Candidate' means an individual: (a) who files a fee, affidavit of incumbency, or nominating petition for an elective office, (b) whose nomination as a candidate for elective office by a political party caucus or convention, is certified to the appropriate filing official, (c) who receives a contribution, makes an expenditure, or gives consent for another person to receive a contribution or make an expenditure with a view to bringing about the individual's nomination or election to an elective office, whether or not the specific elective office for which the individual will seek nomination or election is known at the time the contribution is received or the expenditure is made; or (d) who is an officeholder who is the subject of a recall vote. Unless the officeholder is constitutionally or legally barred from seeking reelection or fails to file for reelection

> to that office by the applicable filing deadline, an elected officeholder shall be considered to be a candidate for reelection to that same office for the purposes of this act only . . . ." (emphasis added)

The above definition must be read in conjunction with section 6(1), defining "expenditure" as meaning:

> " . . . 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 . . . ." (emphasis added)

It is the Department's position that, rather than simply "testing the water," by paying for and circulating a letter such as you enclosed you are in reality making an expenditure in assistance of your nomination or election as a candidate, even if you ultimately decide not to run for office. Therefore, you are a candidate and must file a statement of organization.

It is unclear from your letter whether the expenditure you are proposing to make comes from your personal funds, contributions received from other persons, or your law practice. If the latter is the source of the money spent, different provisions apply depending on the nature of your practice.

If the law practice is a sole proprietorship, then funds may be spent and reported as personal contributions to your campaign. If the law firm is a partnership, the firm will be required to file and report as a committee if $200.00 or more is expended, unless the funds represent contributions from your partners as individuals. If the law firm is incorporated, no funds may be utilized in the campaign, since corporate contributions or expenditures on behalf of candidates are unlawful pursuant to section 54 of the Act (MCL 169.254).

The literature you propose to send is covered by section 47 of the Act (MCL 169.247) which requires printed matter to bear upon it the name and address of the person paying for it. These various requirements are explained in the enclosed manual designed to assist persons in complying with the Act.

This letter constitutes a declaratory ruling pursuant to section 63 of the Michigan Administrative Procedures Act (MCL 24.263) and the rules promulgated to implement the Act.

Very truly yours,

Richard H. Austin
Secretary of State

Enc.
RHA/cw

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING

2-84-CI

LANSING

MICHIGAN 48918

February 13, 1984

Mr. Richard D. McLellan
Dykema, Gossett, Spencer, Goodnow & Trigg
800 Michigan National Tower
Lansing, Michigan 48933

Dear Mr. McLellan:

This is in response to your request for an interpretation of the Campaign Finance Act (the "Act"), 1976 PA 388, as amended, regarding the payment of legal fees by a candidate committee or an officeholder expense fund.

You indicated you recently performed legal work for an officeholder, his campaign committee, and his officeholder expense fund ("OEF") with respect to a proposed recall of the officeholder and to complaints filed under the Act against the officeholder, the candidate committee, and the OEF. You indicated it is impossible for you to allocate the time spent in providing legal services among the officeholder, his candidate committee, and his OEF, and ask whether the candidate committee and/or the OEF may pay your legal fees.

In order for the candidate committee to pay part or all of these legal fees, the payment must be an expenditure as defined in section 6 of the Act, MCL 169.206, in the assistance of the nomination or election of the candidate. Section 49 of the Act, MCL 169.249, provides the OEF may pay legal fees, if they are incidental to the office and are not furthering the nomination or election of the officeholder. Consistent with the declaratory ruling issued to Ms. Kathy Wilbur on October 14, 1983, it would be proper for the candidate committee to pay for legal fees incurred by or on behalf of the OEF, but the OEF could not pay the candidate committee's fees.

Your legal services can be divided into three sections: the complaint against the candidate committee, the complaint against the OEF, and the proposed recall. In this particular instance, the complaint against the officeholder was directed equally to his actions as a candidate and an officeholder. Therefore, to the extent your legal services were on behalf of the officeholder as an individual, those fees can be divided equally between the candidate committee and the OEF.

A recall is an election as defined in section 5(1) of the Act, MCL 169.205. Section 3(1)(d) of the Act, MCL 169.203, indicates an officeholder subject to a recall vote is a candidate. Therefore, expenses attendant to opposing a

recall are legitimate campaign expenditures which may be paid with candidate committee funds. Additionally, a recall is an election to determine whether an officeholder will remain in office. As such, use of OEF money would be improper because the OEF may not be used in an election in which the officeholder is involved.

In conclusion, all these legal expenses may be paid by the candidate committee, the OEF may pay expenses arising from the complaint against the OEF, and the OEF may not pay expenses arising from the complaint against the candidate committee or arising from the recall effort. If it is truly impossible to make a good faith estimate of the legal fees incurred because of the complaint against the OEF, then the OEF may not pay any of your fees.

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

3-84-CI

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

Phillip T. Frangos
Director
Office of Hearings and Legislation

PTF/cw
Enc.

4-84-CI

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING

LANSING
MICHIGAN 48918

October 4, 1984

Jack Schick
James H. Karoub Associates
500 Capitol Savings Building
112 E. Allegan
Lansing, Michigan 48933

Dear Mr. Schick:

This is in response to your request for a "formal opinion" regarding the payment of overhead expenses of fundraising events for separate segregated funds established pursuant to the Campaign Finance Act, 1976 PA 388, as amended, (the "Act").

The questions to be answered are:

"1. Is a corporation allowed by law to underwrite an entire fundraising event for the purpose of raising political funds, i.e. printing, raffle tickets, purchasing prizes. The political action committee is a separate segregated fund.

2. If permissible, what information needs to be recorded with the State."

Historically, corporate political participation has been prohibited in Michigan. The Act made a change in that policy by permitting corporations the opportunity to establish separate segregated funds which could solicit contributions from persons designated in the Act.

Section 54 of the Act (MCL 169.254), however, maintains the prohibition on direct corporate participation in the election of candidates. Section 55 of the Act (MCL 169.255) sets forth the Act's provisions with respect to separate segregated funds. Although direct corporate contributions and expenditures in assistance of candidates are still forbidden, a corporation may utilize its funds to defray the costs of "establishment and administration and solicitation of contributions to a separate segregated fund to be used for political purposes."

The Federal Election Commission (F.E.C.) has promulgated regulations which permit corporations with separate segregated funds to pay up to one-third of the amount raised in contributions for the costs of "raffles and entertainment" utilized in fundraising. Amounts over the one-third are paid from the proceeds of the fundraising event [11 CFR 114.5(b)(2)].

In Michigan the Act does not elaborate on the type of expenses which fall within the meaning of section 55. No rules have been promulgated which explain or refine the statutory language. In lieu of such explanatory material the general rule is that words are to be applied according to their ordinary meaning.

According to Webster's New World Dictionary, Second College Edition, Simon & Schuster 1982, "solicit" means "to ask or seek earnestly or pleadingly; to appeal to or for . . . ." Communication is the predominant element in the definition. The purchase of entertainment, premiums and raffle prizes is not included in the ordinary meaning of the term solicitation.

Section 54 continues the long standing prohibition on corporate spending in Michigan's elections of public officials. The Act clearly prohibits corporations from making a direct contribution to a committee that can in turn support a candidate. An interpretation which permits the corporation to pay for entertainment, premiums or raffle prizes as solicitation expenses would permit the corporation to make indirect contributions of corporate funds to the separate segregated fund.

It is axiomatic that a person may not do indirectly what is prohibited if done directly. Section 54 prohibits corporate spending in elections for public office. A corporation cannot build its separate segregated fund by the use of entertainment, premiums, and prizes purchased with money from the corporate treasury.

Your second question deals with how corporate payment of the costs of separate segregated fund sponsored fundraisers is to be reported under the Act. Corporate payments for establishment, solicitation and administration costs of separate segregated funds are neither contributions or expenditures by the committee and are therefore, not required to be included in reports filed under the Act. However, section 26(9)(v) does require a committee holding a fundraising event to report "the expenditures incident to the event." The instructions for reporting describe how such fundraising schedules are to be completed. Since such fundraiser expenses may not be paid with corporate funds, the committee must report its expenses in connection with a fundraiser.

You should also be aware that raffles are regulated by the State of Michigan. Information with respect to the operation of a raffle can be obtained from the Lottery Commission.

This response is an interpretative statement of the Act's separate segregated fund solicitation provisions and is not a declaratory ruling.

Very truly yours,

Phillip T. Frangos
Director
Office of Hearings and Legislation

PTF/cw

5-84-CI

MICHIGAN DEPARTMENT OF STATE

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STATE TREASURY BUILDING

LANSING
MICHIGAN 48918

October 12, 1984

Karen Bush Schneider
Foster, Swift, Collins & Coey, P.C.
313 South Washington Square
Lansing, Michigan 48933

Dear Ms. Schneider:

You have requested an interpretative statement under the Campaign Finance Act (the "Act"), 1976 PA 388, as amended. Specifically, your question is:

> "May a corporation which has established and administers a separate segregated fund utilize corporate monies to pay taxes due on interest earned by the fund as a result of its placement in an interest bearing account or certificates of deposit."

Separate segregated funds are governed by section 55 of the Act, MCL 169.255. Subsection (1) of section 55 states:

> "Sec. 55. (1) A corporation or joint stock company formed under the laws of this or another state or foreign country may make an expenditure for the establishment and administration and solicitation of contributions to a separate segregated fund to be used for political purposes. A fund established under this section shall be limited to making contributions to, and expenditures on behalf of, candidate committees, ballot question committees, political party committees, and independent committees."

The Department advised Mr. James Barrett in a declaratory ruling dated October 26, 1983, that:

> "A corporation may pay for the cost of office space, phones, salaries, utilities, supplies, legal and accounting fees, fundraising and other expenses incurred in setting up and running a separate segregated fund established by the corporation."

That declaratory ruling also stated the corporation may pay the travel expenses of the officers and directors of its separate segregated fund.

From these examples of what expenses of a separate segregated fund are establishment, administration, and solicitation expenses which may be paid by its corporate creator, it seems clear bank service charges are administration expenses. Your question is whether this "expenditure for administration" category extends to the payment of income taxes incurred because money in a bank account or certificate of deposit earned interest.

The Federal Election Commission (FEC) has issued an advisory opinion on the question. This opinion concluded that the tax on income generated by a separate segregated fund was not an allowable use of corporate treasury funds. That opinion issued June 3, 1977, to the Texaco Employees Political Involvement Committee states in relevant part:

> "The Commission concludes that taxes incurred by TEPIC on its earned interest income are not 'administration' expenses within the meaning of 2 U.S.C. §441b(b)(2)(C) and §114.1(b). A tax obligation on income generated by the depositing in an interest-bearing account of unused contributions to a separate segregated fund is not incurred in the pursuit of voluntary contributions, the maintenance of those contributions, or the utilization of those contributions for 'political purposes." Rather, the tax is incurred as a result of the production of income to TEPIC; these costs are clearly distinguishable from costs incurred in 'setting up and running' TEPIC as a separate segregated fund. Accordingly, TEPIC's tax liability may not be paid with treasury funds of Texaco."

The reasoning of the FEC on this issue is also applicable to the Act. To permit corporate payment of these committee expenses would amount to an exchange of corporate funds for funds generated by the seperate segregated fund's activity. 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

6-84-CI

MICHIGAN DEPARTMENT OF STATE

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STATE TREASURY BUILDING

LANSING
MICHIGAN 48918

October 31, 1984

Philip Van Dam
Riecker, George, Hartley, Van Dam & Camo, P.C.
414 Townsend Street
P.O. Drawer 632
Midland, Michigan 48640

Dear Mr. Van Dam:

This is in response to your inquiry concerning the applicability of the Campaign Finance Act (the "Act"), 1976 PA 388, as amended, to funds received by the Republican Party from labor and business corporations and to certain payments made by the Republican Party. You also inquire whether the Republican Party, or its political party committee, is subject to certain reporting requirements under the Act and whether certain payments made by the Republican Party are contributions or expenditures and, therefore, reportable under the Act.

You ask whether a political party, or a political party committee, must file a campaign statement if these organizations did not receive contributions or make expenditures. You further ask whether the Act distinguishes between a political party and a political party committee, and, if so, does the distinction lie in the fact that a political party committee, as a committee under the Act, is engaged in activity influencing specific elections, whereas, a political party is engaged in general political activity and not in activity which influences a specific election.

The important distinction is not between a political party and a political party committee, but rather between an entity which is a committee under the Act and one which is not. It is not the case that a political party may engage in activities which influence specific elections only through political party committees. The Act contemplates five types of committees: candidate committees, ballot question committees, independent committees, political committees and political party committees. Under the Act, a political party may form and operate as any type of committee, except a candidate committee which can only be formed by a candidate.

The Republican Party is a committee under the Act if it [illegible]

vides in part, ""committee" means a person who receives contributions or makes expenditures for the purpose of influencing or attempting to influence the action of the voters . . ., if contributions received . . . or expenditures made total $200.00 or more in a calendar year".

Your letter states that the political party in question received no contributions and made no expenditures for the purpose of influencing voters in a specific election. However, once a person qualifies as a committee under the Act, committee status continues for subsequent calendar years for purposes of the reporting requirements of the Act, even though no contributions are received and no expenditures are made. Once committee status is achieved, the committee must file a campaign statement at least annually under section 35 of the Act (MCL 169.235) whether or not it received contributions or made expenditures during the filing period. A committee can avoid filing an annual campaign statement only if it qualifies under Rule 37, 1979 AC R169.37, and files a waiver under section 24(4) of the Act (MCL 169.224) and does not expend or receive an amount in excess of $500 for any election, or if it files a dissolution statement under section 24(5) of the Act and Rule 28, 1979 AC R169.28.

Rule 3(1), 1979 AC R169.3(1), provides, "A statement, report . . . required to be filed by the act shall be filed . . . on a form prescribed or approved previously by the secretary of state." The Department provides campaign statement forms, and other reporting forms, with pre-printed headings for information required under the Act. Rule 3(3), 1979 AC R169.3(3), states, "A person filing a statement or report . . . shall complete each item of information requested or shall note clearly that the item of information is not applicable to the filer." In accordance with Rule 3(3), when the amount of money or value is requested and the filer has zero amount to report, then zero amount should be entered.

You ask whether the state Republican organization must report funds expended for producing and distributing newsletters, organizational materials, campaign materials, campaign manuals, fund raising manuals and other similar materials which are sent to Republicans or other interested individuals and organizations, but which do not support or oppose a ballot issue or candidate by name or clear inference. You also ask whether donations received from business and labor corporations may be used to produce and distribute these materials or other communications which do not support or oppose any ballot question or candidate by name or clear inference, or which are not made for the purpose of influencing an election, or which are not in assistance or opposition thereof.

Under section 4(1) of the Act (MCL 169.204), a contribution is an "expenditure . . . made for the purpose of influencing the nomination or election of a candidate, or for the qualification, passage, or defeat of a ballot question." Under section 6(1) of the Act (MCL 169.206), an expenditure is a "donation . . . of . . . anything of ascertainable monetary value for . . . materials . . . in assistance of, or in opposition to, the nomination or election of a candidate, or the qualification, passage, or defeat of a ballot question." Additionally, section 6(2) of the Act states, "Expenditure includes a contribution or a trans-

fer of anything of ascertainable monetary value for purposes of influencing the nomination or election of any candidate or the qualification, passage or defeat of a ballot question."

The principal purpose of a political party is to promote the election of its adherents to public office. Another important purpose is to establish its political philosophy as public policy by supporting or opposing ballot questions. The materials described in your inquiry are clearly produced and distributed for the purpose of influencing an election. Likewise, they are materials in assistance of, or in opposition to, a candidate or ballot question. But for electoral activity, there would be no need for these materials.

However, your inquiry indicates that the materials you describe do not support or oppose a ballot issue or candidate by name or clear inference. Section 6(3)(c) of the Act states:

> "(3) Expenditure does not include:
>
> * * *
>
> "(c) An expenditure for communication on a subject or issue if the communication does not support or oppose a ballot issue or candidate by name or clear inference".

"Funds received from corporations cannot be used in assistance of a candidate. . . . While it is conceivable a political party committee could publish a newsletter which does not support or give assistance to a candidate ('candidate' includes all incumbents), this seems unlikely." Letter to Mr. David A. Lambert, dated September 21, 1983. Nevertheless, if newsletters, organizational materials, campaign materials, campaign manuals, fundraising manuals and other communications do not support or oppose a candidate or ballot issue by name or clear inference, then funds expended for producing and distributing these communications are not expenditures under the Act and are not reportable. If these communications qualify for the exclusion under section 6(3)(c) of the Act, then corporate donations may be used for the production and distribution of these communications.

You ask whether funds received by the Republican Party which are not contributions, as defined in the Act, or funds expended by the Republican Party which are not contributions or expenditures, as defined in the Act, are reportable under the Act. And also, you ask whether funds received by the Republican Party from a donor, who clearly designates the funds as given for other than campaign purposes, are reportable under the Act.

It was stated in a letter to you, dated April 12, 1982, "While it is obvious the Michigan Republican Party ('MRP') is a committee as defined in section 3(4) of [illegible] is not covered by the Act." A political part[illegible]

functions which are entirely independent of supporting, opposing or assisting the nomination or election of a candidate, or the qualification, passage or defeat of a ballot question. Whether funds received or expended by a political party are reportable under the Act depends upon whether the funds are contributions or expenditures as defined in the Act. If funds received by a political party are not contributions, as defined in the Act, then these funds are not reportable under the Act. Similarly, if funds expended by a political party are not contributions or expenditures, as defined in the Act, then these funds are not reportable under the Act. However, in a letter to Mr. James C. VanHeest, dated December 1, 1981, the Department stated,

> "Unless the contributor clearly designates the funds as being for other than campaign purposes, the Department presumes that contributions to a political party are made for the purpose of influencing the nomination or election of a candidate for state or local office, or the qualification, passage or defeat of a ballot question."

A contribution to a political party which is clearly designated as being for other than campaign purposes is not a contribution under the Act, and, therefore, is not reportable under the Act. Concurrently, a disbursement for activity which is not within the ambit of the Act is not subject to the Act's reporting or record-keeping requirements.

You ask whether payments by the Republican Party for purchase or construction of party headquarters and attendant moving costs, headquarters rent, state and local ad valorem property taxes, party administration, office supplies, workmen's compensation, unemployment compensation, medical and health insurance, and employees' salaries are expenditures or contributions under the Act, if not made for the purpose of influencing an election.

Your inquiry is premised upon the fact that the funds described are not expended "for the purpose of influencing an election." If, in fact, these funds are not expended for the purpose of influencing an election, then they are neither contributions nor expenditures under the Act and are not reportable.

Since your premise is conclusory, it is beyond the scope of this response to make the more basic determination whether the funds expended are for the purpose of influencing an election. You have described items for which funds are expended, but you have not disclosed the use to which these items are put. As has been stated in a letter to Mr. Timothy Downs, dated October 12, 1982, "[T]he use to which funds are to be put is the primary determinant of whether a payment. . . is a contribuiton under 4(1)." You identify certain funds as expended for party administration without disclosing the particular function being performed. For instance, the maintenance of membership records could be considered an aspect of party administration. However, membership records of a political party are also maintained for the purpose of influencing an election. Funds expended for this purpose would be an expenditure under the Act and would be reportable.

You ask whether payments by the Republican Party to auditors, lawyers, accountants, and other such professionals, made for the purpose of compliance with the Act are contributions or expenditures under the Act, and if not, must such payments be reported.

An integral part of an election campaign for any candidate or committee is compliance with the Act. A payment made for the purpose of compliance with the Act is made in assistance of the nomination or election of a candidate, or the qualification, passage, or defeat of a ballot question and is an expenditure under section 6(1) of the Act. Therefore, payments to auditors, lawyers, accountants, and other such professionals, made for the purpose of compliance with the Act are expenditures under the Act and must be reported.

You ask whether payments made by the Republican Party for expenses incurred at party organizational meetings are contributions or expenditures under the Act, and whether they must be reported if no candidates will be nominated and no ballot resolution adopted.

This question was answered in a letter to Mr. Richard D. McLellan, dated August 21, 1979, a copy of which is attached. If none of the offices at stake at this particular organizational meeting are public offices, and if none of the resolutions to be adopted are ballot questions, then payments made by the Republican Party for expenses incurred at this party organizational meeting are not expenditures under section 6 of the Act, and they need not be reported.

You also ask whether payments made by the Republican Party for these expenses are contributions or expenditures under the Act, if made during a period of time when there is no campaign.

The Act does not contemplate a period of time when there is no campaign. A campaign is an operation undertaken to influence an election. Section 3(1) of the Act (MCL 169.203) states, ""Election" means a primary, general, special, or millage election held in this state or a convention or caucus of a political party held in this state to nominate a candidate. Election includes a recall vote." Under section 3(1) of the Act (MCL 169.203), "[A]n elected officeholder shall be considered to be a candidate for reelection to that same office". Election includes reelection. For reporting purposes under the Act, there is no hiatus between campaigns. Especially for a political party, an election marks the end of one campaign and the beginning of another.

You ask whether the Republican Party may receive donations from business and labor corporations, and if so, whether the donated funds may be used for the following: (1) payments to professionals to ensure compliance with the Act; (2) payment of expenses incurred at party organizational meetings at which candidates will not be nominated and no ballot resolutions adopted; (3) office supplies, headquarters rent, purchase or construction of party headquarters, and state or local ad valorem property taxes; (4) party administration; (5) salaries of employees, workmen's compensation, unemployment compensation, medical and health insurance.

Under the provisions of section 54(1) of the Act (MCL 169.254), a corporation is prohibited from making a contribution or expenditure, unless it qualifies for an exception pursuant to section 54(2) or (3) or operates within the provisions of section 55 of the Act (MCL 169.255). However, unlike other committees, a political party engages in some activities which are outside the ambit of the Act. Therefore, a political party may accept corporate funds which are not contributions or expenditures under the Act, and may expend these funds for non-campaign purposes only. But, corporate funds may not be commingled with funds which are or will be subject to the Act.

The questions you pose were answered in a letter to Mr. David A. Lambert, dated October 31, 1984, a copy of which is attached for your convenience. (1) Corporate funds may not be used for legal or accounting expenses associated with Campaign Finance Act compliance, except when these expenses are incurred by a ballot question committee. Under the exception of section 54(3) of the Act, a corporation may make a contribution not in excess of $40,000.00 to each ballot question committee. (2) Corporate funds may be used for expenses incurred at party organization meetings only if no candidate will be nominated and no ballot resolution will be adopted. (3) Corporate funds may be used for office supplies, headquarters rent, purchase or construction of party headquarters, and state and local ad valorem property taxes only if these expenses are incurred exclusively in the performance of non-campaign activity. (4) Corporate funds may be used for expenses of party administration only when the particular function performed is exclusively non-campaign related. You have not described party administration activities in sufficient detail to make any specific interpretation. For example, as indicated previously, maintenance of membership records may be a function of party administration, but this function is not exclusively for non-campaign purposes. (5) Corporate contributions may not be used to pay the wages and benefits of party employees who do not work exclusively in non-campaign activity. As was stated in the Lambert letter, supra, "in summary, political parties may receive and spend money from corporations for activity which is exclusively outside the Act."

You also ask whether corporate funds donated to the Republican Party may be used for voter registration drives conducted by the political party, but which are not undertaken in support of or in opposition to a ballot question or candidate by a name or clear inference, and which is not undertaken for the purpose of influencing an election.

Section 6(3)(e) of the Act states:

"(3) Expenditure does not include:

* * *

(e) An expenditure for nonpartisan voter registration or nonpartisan get-out-the-vote activities."

The legislative history of the Act reflected in this exclusion indicates an awareness by the Legislature of the public importance and public service value of nonpartisan activities of the type traditionally conducted by organizations like the League of Women Voters. Such activities include voter registration and get-out-the-vote drives. The use of the term "nonpartisan" clearly eliminates political parties from this exclusion. The primary purpose of a voter registration drive is to influence an election. Funds expended for a voter registration drive by a political party are expenditures in assistance of party-designated candidates. Therefore, political parties may not use corporate donations to fund get-out-the-vote or voter registration drives.

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

Very truly yours,

Phillip T. Frangos
Director
Office of Hearings and Legislation

PTF/cw

7-84-CI

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING

LANSING
MICHIGAN 48918

October 31, 1984

Mr. David A Lambert
639 N. Hayford
Lansing, Michigan 48912

Dear Mr. Lambert:

You have requested an interpretative statement under the Campaign Finance Act (the "Act"), 1976 PA 388, as amended, regarding hypothetical questions to clarify an interpretative statement issued to you on September 21, 1983.

The initial issue you raise is:

> "May a political party committee hold a fundraiser at which it uses a program booklet to sell advertising to corporations, if the proceeds (if any) from said program advertising are segregated into an account for non-campaign purposes? Or, does the fundraising event have to be held for the sole purpose of raising money for non-campaign purposes."

As indicated in the September 21, 1983, letter, section 6 of the Act (MCL 169.206) states, in part, "'Expenditure' means a payment . . . of money . . . for . . . services . . . in assistance of . . . the nomination or election of a candidate, or the qualification, passage, or defeat of a ballot question." The letter went on to state:

> "Funds received from corporations cannot be used in assistance of a candidate. Because the purchase of an advertisement assists the recipient, a corporation may not purchase an advertisement in a program book, ad book, or newsletter which supports or opposes candidates. While it is conceivable a political party committee could publish a newsletter which does not support or give assistance to a candidate ("candidate" includes all incumbents), this seems unlikely. If a political party committee wants to designate a specific

> fundraiser or method of fundraising as being for non-campaign purposes, it may do so and accept corporate contributions. But it may not merely pull corporation contributions out of the receipts for a fundraiser (or for newsletter ads), and put the corporate funds into a separate account. If a newsletter which does not support a candidate or ballot question could somehow be published, a political party committee could designate all advertising income for a separate account for non-campaign purposes." (emphasis added)

Unlike other types of committees, political party committees are not required to file separate reports for fundraisers. Political party committees report contributions received at a fundraiser and expenditures made to hold the fundraiser the same as all other contributions and expenditures. A political party committee must report contributions received or expenditures made when the contributions and expenditures involve fundraising for campaign purposes. Receipts and disbursements resulting from non-campaign fundraising are not contributions and expenditures and should not be reported under the Act.

As indicated in the quote above, a political party committee may designate a "method of fundraising as being for non-campaign purposes". A fundraiser is a method of fundraising. The entire fundraiser may be designated for non-campaign purposes, in which case corporate contributions would be accepted and none of the fundraiser's receipts or expenses would be reported by the political party committee. Alternatively, all or part of the fundraiser's receipts could be used for campaign purposes, no corporate contributions could be received in connection with the fundraiser, and the political party committee would report only those receipts and expenditures which are or will be used for campaign purposes. However, a fundraiser may not be split between campaign and non-campaign purposes with corporate contributions received and channeled to non-campaign purposes. Just as an officeholder expense fund which receives corporate money is "tainted" and may not purchase tickets to candidate fundraisers, a political party committee's method of fundraising may not commingle corporate and non-corporate funds and be utilized in candidate elections.

In conclusion, a political party committee may not have a program booklet for which corporate funds are received in connection with a fundraiser which otherwise is used to raise campaign funds.

The second issue you have raised is whether corporate funds may be used by political party committees in certain identified instances. Specifically, you asked:

> "I would also like to know if a political party committee may use corporate contributions for any of the following:
> 1. For the purchase of office supplies such as stationery, envelopes, etc.
> 2. For office expenses such as telephone, fire and/or liability insurance?

3. For the rental of or purchase of a party office/headquarters?
4. For covering the costs of party officers to attend party-related meetings or events (travel, lodging, and meals)?
5. For legal and/or accounting expenses associated with compliance with the campaign finance law?
6. For wages and employee-related expenses (such as unemployment and workers compensation insurance) for party employees?
7. For the payment of ad valorem property taxes on any property owned by the party?
8. For the expenses associated with the maintenance of membership records such as computer record-keeping costs?
9. For the purchase of such office items as computers, copying machines, office furniture, and filing cabinets?

It is appropriate to consider what procedures are available under the Federal Election Campaign Act in similar fact situations. The Federal Election Commission (the "FEC") has promulgated rules which allow allocation of expenditures among candidates and allocation of a candidate's travel expenses between campaign and non-campaign purposes (UCFR 106.1-106.4). The FEC has extrapolated from these rules which allow allocation of expenditures in specific instances to create, by advisory opinion, allocations of corporate and union treasury funds between federal and state expenditures. The FEC stated in AO 1978-10 that federal get-out-the-vote and voter registration drives may not be paid for with corporate or union funds, but those same efforts directed to non-federal elections could be supported by corporate or union funds unless prohibited by the state. When corporate and union involvement is not prohibited by state law, the FEC rules the costs of get-out-the-vote and registration drives should be allocated between federal and non-federal elections in a manner similar to rules 106.1 through 106.4.

In AO 1978-46 the FEC continued with this approach in ruling corporate and union contributions to a party convention, such as the purchase of advertising and exhibition space, are permissible only if they can be apportioned to state and local conadidates. Allocation of corporate and union contributions to non-federal expenditures at a national party conference and workshop was approved more recently in AO 1982-5.

These decisions by the F.E.C. permitting allocation between federal and nonfederal campaigns were made in a context that differs from that presented here. Political party organizations traditionally carry on joint federal-state campaigns. The same party activists and voters participate in the simulataneous election of public officials at all levels. The F.E.C. Advisory Opinions and regulations covering allocation are a recognition of this fact.

Campaign and non-campaign activities of Michigan party organizations can be carried on independently. Unlike integrated campaign efforts it is feasible for a party to separate its non-campaign activities from the major function of the party, helping elect its nominees to public office.

Neither the Act nor the Department's rules expressly or impliedly permit allocation. In addition, corporate involvement in elections, which was prohibited in Michigan prior to adoption of the Act, is strictly controlled by sections 54 and 55 of the Act, MCL 169.254 and 169.255. Since the major objective of any political party is to nominate and elect its member to local, state, and federal office, and corporations are prohibited from using treasury funds to influence Michigan and federal candidate elections, there are very few instances where coroporations may contribute to political party committees.

Corporate funds may be used for office supplies and expenses, if the supplies and expenses (telephone, heat, lights, etc.) are used or incurred exclusively for non-campaign purposes. Similarly, the rental or purchase of office space and the payment of attendant insurance premiums and property taxes may be made with corporate funds, provided the space is used only for non-campaign purposes. However, an office, a telephone or stationery which is used even occasionally for campaign purposes, such as soliciting support for a candidate or fundraising which will be used for campaigning may not be purchased or rented with funds commingled with corporate money.

Whether corporate funds may be used to pay party officers attending party related meetings depends upon the purpose of the meeting. For example, corporate funds may be used to pay party officer costs at an odd year party convention where the only busines conducted is electing party officers and passing rules and resolutions, but corporate funds may not be used if people are nominated for state or local office at the convention. (See the August 21, 1979, declaratory ruling issued to Mr. Richard D. McLellan which is attached.)

Legal or accounting expenses associated with Campaign Finance Act compliance may not be paid with funds containing corporate contributions. The only exception to this would be when a political party created a ballot question committee which incurred legal or accounting expenses because section 54(3) permits a corporation to contribute up to $40,000 to a ballot question committee.

Wages and expenses of party employees who work exclusively in non-campaign activities may be paid with corporate contributions; otherwise, corporate funds may not be used for employee wages, expenses, and benefits.

While membership records may be used for non-campaign purposes, they are also maintained and utilized for the purpose of influencing elections, thus they are expenditures which cannot be paid with corporate funds.

Office equipment, e.g., computers, copiers, furniture, and file cabinets, are treated the same as office supplies, office space, and related insurance and property taxes as discussed above.

In summary, political parties may receive and spend money from corporations for activity which is exclusively outside the Act. In addition, a political party ballot question committee (as distinguished from the "political party committee"

as defined in section 11(5) of the Act, MCL 169.211) may receive corporate contributions consistent with section 54 of the Act, MCL 169.254, without either the committee or the corporation violating the Act.
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

8-84-CI

MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING

LANSING

MICHIGAN 48918

November 2, 1984

Senator John Kelly
The Senate
Office of the Majority Whip
P.O. Box 30036
Lansing, Michigan 48909

Dear Senator Kelly:

This is in response to your request for information and an interpretation concerning the applicability of the Campaign Finance Act (the "Act"), 1976 PA 388, as amended, to donations made by corporations to an officeholder expense fund ("OEF").

Specifically, you request a copy of any declaratory ruling or interpretive statement regarding corporate contributions to an OEF, especially concerning the "tainting" of an OEF by acceptance of a corporate donation and any method by which an OEF can "purge the taint." You also ask whether the FIFO accounting method may be used to "purge the taint" of corporate donations to an OEF.

The Department has issued two interpretive statements concerning corporate donations to an OEF, copies of which accompany this letter. In a letter to Senator Gary G. Corbin, dated February 1, 1980, the Department stated:

> " . . . the inclusion of corporate contributions will 'taint' the O.E.F. and thereby greatly limit the uses for which the O.E.F. may be utilized. For example, funds from an O.E.F. into which corporate contributions have been deposited may not thereafter be used to purchase tickets to the fundraiser of another candidate or utilized for any other purpose for which corporate contributions may not be used."

This letter also pointed out that these corporate funds should more accurately be called "donations" and must be distinguished from "contributions" and "expenditures" under sections 4 and 6 of the Act (MCL 169.204 and 169.206). This letter indicates that the corporate "taint" cannot be purged by creating two separate OEF accounts.

A letter to Mr. Douglas K. Weiland, dated August 6, 1980, states that section 54(1) of the Act (MCL 169.254) prohibits corporate contributions or expenditures

as defined in sections 4 and 6 of the Act. This letter further states, "Since it is improper for your candidate committee to receive this corporate contribution, it would also be improper for the committee to accept the contributions and pass it along to an officeholder expense fund."

Under section 49(1) of the Act (MCL 169.249) an OEF " . . . may not be used to make contributions and expenditures to further the nomination or election" of the officeholder who established it. However, an OEF may be used to purchase tickets to another candidate's fundraiser unless the OEF is "tainted" by corporate funds. The concept of "tainting" is necessary to preclude the possibility of corporate funds being converted into prohibited disbursements, and thus accomplishing indirectly what is prohibited directly. It has been consistently stated by the Department that corporate funds cannot be commingled with funds that otherwise could be used for expenses incidental to the officeholder's office which are also contributions to another candidate. Any commingling will "taint" all funds in the account.

There are only two acceptable methods by which an OEF may "purge the taint" of corporate funds. Either the OEF must reduce its account balance to zero and start a new account, or the OEF must return all funds donated by corporations. The acceptance of FIFO or any other accounting method based on sequence or segregation will not "purge the taint" of corporate funds because the acceptance of such a method would make available a greater portion of the OEF for purchase of fundraiser tickets than would otherwise be available. Section 49(1) of the Act (MCL 169.249) states, an OEF "may be used for expenses incidental to the person's office." A sequential or segregated accounting method would allow a "tainted" OEF to use corporate money for officeholder expenses and make available for the purchase of fundraiser tickets money which would otherwise have to be used to pay these expenses. This substitution of corporate funds for non-corporate funds would allow corporate funds to be indirectly converted to disbursements to candidate committees for fundraiser tickets. Corporate disbursements to candidate committees are prohibited under the Act. It is a basic principle of law that one cannot do indirectly what he is prohibited from doing directly.

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

Very truly yours,

Phillip T. Frangos
Director
Office of Hearings and Legislation

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STATE TREASURY BUILDING

9-84-CI

LANSING

MICHIGAN 48918

November 29, 1984

Marc G. Whitefield
13860 West Ten Mile Road, Suite 200
Southfield, Michigan 48075

Dear Mr. Whitefield:

This is in response to your inquiry on behalf of your client, the Warren Police Officers Association, with respect to the application of the Campaign Finance Act, 1976 PA 388, as amended (the Act), to a raffle or dinner sponsored by the Association's separate segregated fund.

As indicated in your letter, a corporation is authorized by section 55 of the Act (MCL 169.255) to sponsor a separate segregated fund. A corporation is prohibited from putting corporate monies into its fund. However, a corporation which has established such a fund may utilize corporate funds to defray the costs of "establishment and administration and solicitation of contributions to a separate segregated fund to be used for political purposes."

You are particularly interested in knowing whether corporate funds may be used to defray costs associated with fundraising events. Enclosed is a letter which was issued to Mr. Jack Schick which covers the issues you have raised in your letter. As indicated in the letter to Mr. Schick an interpretation of the Act which would permit the corporation to use entertainment premiums or raffle prizes as a solicitation device would authorize the exchange of corporate funds for contributions. These indirect contributions by corporations to a committee that supports candidates are prohibited just as direct contributions to candidates from corporations are prohibited by section 54 of the Act (MCL 169.254). This interpretation, of course, does not preclude the separate segregated fund from utilizing committee funds to defray the expenses of a fundraising event.

Before utilizing a raffle as a fundraising device, you should contact the State of Michigan Lottery Commission to insure that you comply with all the statutes and rules that govern the operation of raffles in this state.

This response is an interpretative statement of the Act's separate segregated fund solicitation provisions and is not a declaratory ruling.

Very truly yours,

Phillip T. Frangos

Phillip T. Frangos
Director
Office of Hearings and Legislation

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Enc.