

# CAMPAIGN FINANCE DISCLOSURE TRAINING



BALLOT QUESTION COMMITTEES

# Topics

- Committees
  - Definition
  - When do they register
  - Different Committee Types
  - Where do they register
- Where To Start
- Statement of Organization
  - Reporting Waiver
  - Late Fees
- Campaign Statements
  - Election Cycle
  - Due Dates
  - Campaign Statement Forms
  - Late Fees
- Late Contribution Report
  - Late Fees
- Notices, Fees, & Referrals
- Good Cause Waiver
- Campaign Finance Complaint Process
- Treasurer Responsibilities
- Tips for Successful Reporting

# What is a Committee and When Should They Register

- Committees are “persons” or groups that:
  - Receive contributions or make expenditures to influence voters for the qualification, passage or defeat of a ballot question
  - Make independent expenditures to influence voters
- A Committee has to register when:
  - As soon as a group receives or spends \$500.00 or more in a calendar year **to support or oppose a ballot issue**, the MCFA requires the group to form and register a committee.

# Michigan Campaign Finance Act (MCFA) Committee Types

- Ballot Question Committees
- Political Action Committees (PACs)
  - PACs
  - Independent PACs
  - Caucus
  - Super PACs
- Political Party Committees
- Candidate Committees

# Where Does a Committee Register and File Their Campaign Statements

- **County Level:** Ballot Issues that are only voted on at the local level, registers with their **County Clerk**
- **State Level:** Ballot Issues that are voted on at the Statewide level, register with the **Bureau of Elections**

# WHERE TO START

- File the Committee's [Statement of Organization](#)
- Read the [Ballot Question Committee Manual](#)
  - [Appendices](#)
- Know your [Dates & Deadlines](#)
- Become familiar with the [MCFA](#)
- Familiarize yourself with [MERTS](#) well before the filing deadline

# When is the Statement of Organization (SofO) Due?

- The Statement of Organization (SofO) is due within 10 days after meeting the definition of a committee

Example: A group meets the definition of a committee on **May 1<sup>st</sup>**:

- The SofO may be filed no later than on or before May 11th

# The Reporting Waiver

## [Section 169.224 \(5, 6\)](#)

- Exempts Committees who do not anticipate spending/receiving over \$1000.00 per election cycle from filing campaign statements
- You must answer Yes in the Reporting Waiver section to request the waiver
- Financial activity must still be recorded and tracked
- The waiver does **not** exempt committees from filing:
  - The original or amended Statements of Organization
  - Late Contribution Reports
  - Petition Proposal Statements (Statewide issues only)



# Reporting Waiver (cont.)

## When the Reporting Waiver is Lost

- Once a committee spends/receives over \$1000.00, the next campaign statement is required.
  - The \$1000.00 threshold includes debts owed, balances from previous election cycles and all contributions both direct and in-kind

## How to regain the Reporting Waiver

- The reporting waiver may be obtained again if the committee requests one on an amended SofO
- The Committee must:
  - Submit an Amended SofO with box 10 checked
  - Amended SofO must have appropriate signatures
  - Committees ending balance must be less than \$1000.00
  - Committees debts and obligations must be under \$1000.00

# Are There Fines for Filing the SofO Late?

- **YES!** - The fee for filing a Statement of Organization late accrues at a rate of \$10/business day to a maximum of \$300.00

# Who Can Contribute to a BQ?

- BQ's can receive **unlimited** contributions from **legal sources**.
- Legal Sources **do not** Include:
  - Public Body Funds or use of Public Facilities
  - Foreign Nationals (Federal Prohibition)
  - Anonymous (Must be donated to a charity)
  - Cash over \$20
  - Earmarked
  - Given in the name of another

*Note: Ballot Question Committees may not Contribute to Other Committee Types Except Super PACs*

# Campaign Statements

- A committee discloses its campaign finance activity on campaign statements. A campaign statement consists of a cover page, summary page, and a series of schedules that itemize the committee's contributions, other receipts, expenditures and debts. A fund raiser schedule summarizes fund raisers held by the committee.
- State level committees that spend or receive (or expect to spend or receive) \$5,000.00 or more in any calendar year must file electronically. Visit [www.mertsplus.com](http://www.mertsplus.com) for more information.
- For state level filers that do not exceed the electronic filing threshold and local committees, paper campaign statement forms and instructions can be obtained from the Department of State's [website](#).

# What is an Election Cycle?

- The election cycle begins the day following the last general election and ends on the day of the next general election

# Campaign Statement Due Dates

Type of Statement	Closing Date of Statement	Statement Due Date
Pre-Election Statement	16 days before election date	11 days before election date
Post Election Statement	20 days after election date	30 days after election date
Annual Statement (state filers only)	December 31	January 31
February Quarterly	February 10	February 15
April Quarterly	April 20	April 25
July Quarterly	July 20	July 25
October Quarterly (odd years only)	October 20	October 25
Petition Proposal Statement (state filers only)	28 days after filing	35 days after filing

\*Quarterly statements are waived if pre/post are required

# Are There Late Filing Fees if the Statement is Late or Not Filed?

- YES!! Save money by filing on time!
- Committees with more than \$10k in financial activity in last two years: Fees accrue \$25 per first 3 days late and then \$50/day up to \$1000
- Committees with less than \$10k in financial activity in last two years: Fees accrue \$25/day up to \$500

# What's Reported in a Campaign Statement

- Contributions: money, goods or services provided with the intent to influence Michigan elections.
- Expenditures: payment for services, goods and facilities that influence Michigan elections
- Debts and Obligations (record of debts owed to or by the committee)
- Fundraiser Information (fundraiser event detail)



# Cover Page & Summary Page

- [Cover Page](#): provides information about the committee such as:
  - Committee ID number/ Committee Name
  - Coverage Period
  - Committee's name, address and county of residence
- [Summary Page](#): Provides a snapshot of the entire statement including:
  - Total contributions and expenditures for calendar year (column I)
  - Total cumulative contributions and expenditures for calendar year (column II)
  - Balance statement (first statement always begins with \$0)

# Contributions & Other Receipts

- Itemized Direct Contributions
  - Money contributed to the campaign by cash or written instrument
  - Reported on Schedule [4A](#)
  - All contributions over \$20.00 must be by written instrument (check, money order, debit, credit)
- Other Receipts
  - Money NOT intended to further the nomination or election of the candidate such as bank interest or refunds
  - Reported on Schedule [4A-1](#)

# In-Kind Contributions & Loans

- In-Kind Contributions
  - A donation of goods or services to the campaign
  - They do count towards a contributors contribution limit
  - Reported on Schedule [4-IK](#)
- Loans (Debts & Obligations)
  - A committee may accept loans from legal sources
  - Loans count toward contribution limit until paid off
  - Reported on Schedule [4-E](#) as well as the Direct Contribution or In-Kind Contribution Schedules as appropriate

# Fund Raisers

- Fundraising event means an event such as a dinner, reception, auction or similar event where contributions are solicited by purchase of a ticket, donation or purchase of goods or services
  - Fund raiser events are reported on schedule [4F](#)
  - All contributions and expenditures for a fund raising event must be reported in detail on the appropriate schedules
  - Joint fundraisers have specific rules that are outlined in [Appendix F](#) of the Ballot Question manual
  - There is no gambling or events that require licensing allowed at fund raisers.

# What Information do I Gather from Contributors?

- Required information:
  - Name
  - Address
  - Amount
  - Date of receipt
- Is the contribution over \$100 or the cumulative for that contributor over \$100?
  - If the answer is YES, then request the contributor's occupation, employer name and the address of their place of business

# Contribution Exceptions

- Committees should track, but do not have to report the following:
  - A volunteer's personal services that aren't reimbursed
  - A volunteer's travel and lodging up to \$500/year
  - A individual's donation of food and beverages up to **\$1000.00/year**
  - A contribution that is returned to the contributor within 30 days.

# Direct & In-Kind Expenditures

- Direct Expenditures
  - Money spent from committee account for goods, services and facilities intended to further the nomination or election of the candidate
  - Written instrument is required for expenditures over \$50.00
  - Reported on schedule [4B](#)
- In-Kind Expenditures
  - Goods, services and facilities donated at no cost
  - Reported on Schedule [4B-2](#)

# Independent & Get Out the Vote Expenditures

- Independent Expenditures
  - Independent expenditures are expenditures made to support or oppose a ballot question without the direction or control of another person or committee, including supporting or opposing the primary Ballot Question Committee that is supporting or opposing the ballot question.
  - Independent expenditures are never made under the control of or at the direction of another person or committee and are not contributions to any committee.
  - Independent expenditures can be made in any amount.
  - Reported on Schedule [4B-1](#)
- Get Out the Vote
  - Election day expenses - Busing voters to the polls, Slate Cards, Poll Workers
  - Reported on Schedule [4B-G](#)



# What Information Should I Gather for Expenses?

- Required Information
  - Name of payee
  - Amount of payment
  - Address of payee
  - Date of payment
  - Purpose (be specific)

# Prohibited Expenditures

- A committee may not make a single expenditure from petty cash that exceeds \$50.00.
- A committee may not make a cash expenditure that exceeds \$50.00.
- A Ballot Question Committee may not make expenditures to, in support of, or in opposition to, a Candidate Committee, Political Party Committee, Political Committee (PAC), Independent Committee (PAC) or any committee that supports or opposes candidates.

# Independent Contractor Expenses

- A Committee that contracts with an agent or an independent contractor to make expenditures on its behalf (over \$50.00) must disclose the expenditures made to and by the agent or independent contractor.
- Agents and independent contractors typically employed by committees are:
  - political consultants
  - public relations consultants
  - political consulting firms
  - public relation firms
  - media buyers
  - advertising agencies
  - marketing firms

# Memo Itemization of Expenditure

- A Committee that contracts with an agent or an independent contractor to make expenditures on its behalf must disclose the expenditures made to and by the agent or independent contractor. This is done by **Memo Itemizing** the expenditure.
  - Vendors, consultants, campaign workers
  - Credit card payments
  - Reimbursement
  - Independent Contractors ([Appendix L](#))

# Memo Itemization of Expenditure Example

- The Save Our Library BQ Committee hired Q's Media Consultants to create an ad supporting the library millage increase.

ITEMIZED DIRECT EXPENDITURES SCHEDULE 4B BALLOT QUESTION COMMITTEE		1. Committee I. D. Number <u>888888-0</u>		2. Committee Name <u>Save our Library BQ Committee</u>	
3. Name and address of person to whom paid	4. State purpose of expenditure. 5. Identify the ballot proposal involved. Indicate whether supported or opposed.	6. Date	7. Amount	8. Cumulative for election	
<b>Expenditure # 1</b> Name & Address: <u>Q's Media Consultants</u> <u>4321 Saginaw</u> <u>Lansing MI 99999</u>					
4. Purpose: <u>Create TV advertisement</u> 5. Ballot Proposal: <u>Vote yes on library millage</u> Date of Expenditure: <u>05/01/17</u> \$ <u>12,000</u> \$ <u>12,000</u> County: <u>Berrien Co</u> Memo Itemization Below					
<input type="checkbox"/> Check box if expenditure is payment of debt or obligation reported on previous statement <input type="checkbox"/> Fund Raiser <input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Statewide <input checked="" type="checkbox"/> Local					
<b>Expenditure # 2</b> Name & Address: <u>WBQT</u> <u>456 Michigan Ave</u> <u>Bridgman MI 99998</u>					
4. Purpose: <u>TV station running ad</u> 5. Ballot Proposal: <u>Vote yes on library millage</u> Date of Expenditure: <u>05/15/17</u> \$ <u>4,500</u> \$ <u>4,500</u> County: <u>Berrien Co</u> (Memo Itemization)					
<input type="checkbox"/> Check box if expenditure is payment of debt or obligation reported on previous statement <input type="checkbox"/> Fund Raiser <input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <input type="checkbox"/> Statewide <input checked="" type="checkbox"/> Local					

# Are There Late Filing Fees if the Statement is Late or not Filed?

- **YES!! Save money by filing on time!**
- Committees with **more** than \$10k in financial activity in last two years: Fees accrue \$25 per first 3 days late and then \$50/day up to \$1000
- Committees with **less** than \$10k in financial activity in last two years: Fees accrue \$25/day up to \$500

# What is a Late Contribution Report?

- When committee receives a single or cumulative contribution of \$2,500 or more and
  - The contribution is received from the same individual between the day following the close of books of the last campaign statement required to be filed by the committee and the 3rd day before the date of any election;
  - And the committee has made an expenditure to support or oppose a **ballot question** on the ballot during the same late contribution report period described above.
  - Section 32 of the MCFA requires that late contributions be reported within 48 hours of the date the contribution was received. The contribution is also reported on the subsequent campaign statement
- [Late Contribution Report form](#) (paper)
- [e-IDR](#) (electronic; state level)

# Is There a Fee for not Filing Late Contributions on Time?

- **YES!! Avoid late fees by filing on time!**
- Late filing fees shall not exceed the lesser of the following:
- The Total amount of omitted contributions or
- \$2,000.00 to be assessed as follows
  - \$25.00/business days 1-3
  - \$50.00/business days 3-10
  - \$100.00/business days 11-26



# Identification Requirements

- Section 47 of the MCFA requires that all printed matter, radio or television paid advertisements that refer to an election, candidate or ballot question have an identification statement
  - Printed matter- “Paid for with regulated funds” (committee name, address)
  - Robo calls: prerecorded messages shall contain name, phone number, address or other contact for person paying for the message
  - Mass mailings: Any mailing by U.S. mail or facsimile of 500 or more pieces of identical or similar nature within any 30 day period
  - Radio or television- Must identify person sponsoring the ad; as required by the FCC
  - **EXAMPLE: Paid for with regulated funds by ABC BQC, 123 Main St. Lansing, MI 48918**

# Identification Requirement Exemptions

- [Appendix J](#) has a list of items that are exempt from the identification requirement rule:

Aerial Banners	Fortune Cookie Messages ½" X 2" Or Smaller)	Pendants
Ashtrays	Frisbees	Pennants
Badges & Badge Holders	Glasses	Pens
Balloons	Golf Tees	Pinwheels
Bingo Chips	Golf Balls	Plastic Tableware
Brushes	Hats	Pocket Protectors
Buttons	Horns	Pot Holders
Bumper Stickers (4" X 15" Or Smaller)	Ice Scrapers	Refrigerator Magnets
Campaign Stickers (3" X 1 ½" Or Smaller)	Jar Lid Grippers (5" Or Smaller)	Rubber wrist bracelets with dimensions up to 1" wide and 8.25" in diameter
Candy Wrappers (1 ½" X 2 ½" Or Smaller)	Key Rings	Ribbons
Cigarette Lighters	Knives	Sun Glasses
Cloth Pot Holders	Labels	Shoe Horns
Clothes Pins	Lapel Pins/Stickers	Staple Removers
Clothing	Magnifying Glasses	Yo-Yo's
Coasters	Matchbooks	
Combs	Nail Clippers	
Cups	Nail Files	
Drinking Glasses	Noisemakers	
Earrings	Paper & Plastic Cups	
Emery Boards	Paper & Plastic Plates	
Envelopes	Paper Weights	
Erasers	Pencils	

# Notices, Fees and Referrals

- Failure to File – Committees are notified within 4 business days when required filings are not submitted. Refer to AG/County Prosecutor between 9<sup>th</sup> and 12<sup>th</sup> Business Day following the deadline
- Late Fees – Notify committees when a statement is not filed on time based on the schedules provided under the Campaign Finance Act
  - Unpaid fees are referred to the State/County Treasurer for collection
  - Fees may be appealed for “good cause”
- Error or Omission – Committees are notified when clarifications or corrections are needed to a Campaign Statement. Lack of response to an Error or Omission is referred to the Attorney General between the 9<sup>th</sup> and 12<sup>th</sup> business day following the deadline

# Good Cause Waivers

## [MCL 169.215 \(f\)](#)

A person may request a waiver of late filing fees for “Good Cause” as defined below:

- The incapacitating physical illness, hospitalization, accident involvement, death, or incapacitation for medical reasons of a person required to file, a person whose participation is essential to the preparation of the statement or report, or a member of the immediate family of these persons.
- There are other unique factors that might be considered; these factors include the loss or unavailability of records due to a fire, flood, theft, or similar reason and difficulties related to the transmission of the filing to the filing official, such as exceptionally bad weather or strikes involving transportation systems.
- The statement in question must be filed with the appropriate filing official before a waiver for good cause will be considered.

# CAMPAIGN FINANCE COMPLAINTS

## [MCL 169.215 \(5\)](#)

- All complaints alleging violations of the Campaign Finance Act are filed with the SOS
- All complaints may be submitted on the required [Campaign Finance Complaint Process](#) form and must include all required information
- Anonymous complaints are not accepted
- All parties will be given written notification with regard to the disposition of the complaint
- Questions regarding the complaint process will be directed to the Bureau of Elections

# Declaratory Rulings & Interpretive Statements

- Interested parties may request clarification of the MCFA via Declaratory Rulings. Interpretive Statements are may be issued in some cases
- Declaratory rulings are binding on all parties and carry the force of law (formal)
- Interpretive Statements provide interpretation of the law (informal)
- The Bureau of Elections provides response to requests. Time frames are outlined in any committee manual
- Rulings to date are available on our [web site](#)

# Treasurer Responsibilities

- As outlined in [MCL 169.222](#):
  - The treasurer assumes legal responsibility for the committee
  - The treasurer is responsible for keeping accounts, records, bills, receipts and electronic files for 5 years
  - Authorizes contributions received and expenditures made by the committee
  - Timely filing
  - Respond to Notices of Error or Omission and Late Filing Fee notices
  - Must sign original copy and all amended copies of the Statement of Organization
- A treasurer or other individual designated as responsible for the committee's record keeping, report preparation, or report filing who knowingly violates this section is subject to a civil fine of not more than \$1,000.00

# Selecting a Treasurer

- Important things to consider:
  - Availability to perform duties in a timely fashion
  - Experience (have they ever acted as treasurer for another committee?)
  - Knowledge of the MCFA or a willingness to become familiar with the law
  - Proficient at recording and tracking financial activity and balancing accounts (checkbook)
  - Technical skills: should be able to navigate the internet and have basic knowledge of computer software



# Tips for Successful Reporting

- Read the [Ballot Question Committee Manual](#)
- Record and track ALL financial activity of the committee, even if you have a Reporting Waiver. The law requires you to report the date of receipt. That date is when the treasurer or committee designee receives the contribution.
- Become familiar with [filing materials](#) on our web site
- If you are using MERTS- get efficient training well before filing deadlines
- File on time! Mark your calendars with important dates to remember (filing deadlines). You can avoid fees by using certified mail when filing on paper.
- Understand **Late Contribution Reporting** and the **penalties** for not filing them.
- **Keep your Statement of Organization information up to date.** We send mail and e-mail to the addresses we have on file. Follow us on Twitter @michCFR
- Treasurer communication with committee must be optimum to avoid mistakes. Consider entering into a written agreement so that there is a clear understanding of each person's responsibility.
- Pick your committee members (treasurer, record keeper) carefully.

# THANK YOU



MICHIGAN DEPARTMENT OF STATE  
BUREAU OF ELECTIONS  
(517) 335-3234

Email: [Disclosure@Michigan.gov](mailto:Disclosure@Michigan.gov)

Web Site: [www.Michigan.gov/CampaignFinance](http://www.Michigan.gov/CampaignFinance)

Follow us on Twitter @MichCFR