

# CAMPAIGN FINANCE for POLITICAL ACTION COMMITTEES

# MICHIGAN CAMPAIGN FINANCE ACT

## **Michigan Compiled Law ACT 388 of 1976**

“AN ACT to regulate political activity; to regulate campaign financing; to restrict campaign contributions and expenditures; to require campaign statements and reports; to regulate anonymous contributions; to regulate campaign advertising and literature; to provide for segregated funds for political purposes; to provide for the use of public funds for political purposes; to create certain funds; to provide for reversion, retention, or refunding of unexpended balances in certain funds; to require other statements and reports; to regulate acceptance of certain gifts, payments, and reimbursements; to prescribe the powers and duties of certain state departments and state and local officials and employees; to provide appropriations; to prescribe penalties and provide remedies; and to repeal certain acts and parts of acts.”

# MICHIGAN CAMPAIGN FINANCE ACT (continued)

The Michigan Campaign Finance Act prescribes:

- How much money can be donated to a campaign - each candidate has contribution limits
- How donated money can be used
- Who can donate money and how much – individuals, political action committees (PACs), special interest groups, etc.
- How money can be donated – directly, through a PAC, etc.
- How to document contribution and expenditure information
- When and where campaign finance information needs to be filed

# CONSEQUENCES FOR VIOLATING MICHIGAN CAMPAIGN FINANCE ACT

**Should a political action committee not file or disclose of campaign finance information in the required manner, it could be fined or face legal ramifications.**

Campaign finance disclosures and filings are public information, so anyone can easily find out if you are following campaign finance rules (or participating in questionable financial tactics).

Media outlets (“news” channels) literally search for information they can use for a story through campaign finance disclosures. Everything **MUST** be kept above board.

# REGISTER A PARTY COMMITTEE

All political action committees must complete and file an original **Statement of Organization Form** to register a committee. The electronic SoO form and amendment forms can be found at [michigan.gov/sos/elections](https://michigan.gov/sos/elections).

Committee formation is establishing the information needed to complete the Statement of Organization. The most important elements of committee formation are selecting a **treasurer** and a **depository (bank account)**. The committee must have a separate bank account to receive contributions: committee funds cannot be comingled with any other funds.

Once the committee is registered, a committee ID number will be issued and must be used on all committee filings and documents. The committee mailing address and email address must be kept up-to-date, so the committee receives all communications sent by the filing official.

# COMMITTEE TREASURER

The **treasurer** must be an individual who is registered to vote in Michigan and therefore cannot be a company or firm.

The position of treasurer is required per the Michigan Campaign Finance Act (MCFA). If the treasurer resigns and the position becomes vacant, the Political Action Committee must elect a new treasurer. If a new appointment is made, an amended Statement of Organization must be filed.

The treasurer's legal responsibility for the committee consists of:

- Signing the committee's Statement of Organization when applicable.
- Authorizing all contributions received and expenditures made by the committee.
- Keeping the committee's accounts, records, bills, receipts and electronic files of the committee for 5 years.
- Timely filing of all required campaign statements and payment of all late filing fees assessed to the committee.
- Written response to all Notices of Error or Omission sent to the committee.

A committee may designate a **record keeper** to share legal responsibility for the committee's records and filings; however, this is not a required position per MCFA.

# COMMITTEE DEPOSITORY

**The committee's official depository must be a bank, savings and loan association or credit union located in Michigan.**

All contributions received by a committee must be deposited into the committee's official depository as identified on the committee's Statement of Organization.

Funds in the committee's official depository can be transferred to an account in a Michigan bank, savings and loan, or credit union in order to earn interest. Such an account would be a "secondary depository" and must be identified on the committee's Statement of Organization if it is in a different financial institution than the official depository. The funds may be placed into a savings or share account or a certificate of deposit and must be transferred back to the official account before being spent.

Committee funds may not be used to purchase commodities, stocks, bonds, mutual funds, or land contracts; or placed in money market accounts or in any type of brokerage account unless the firm is chartered as a bank.

A depository must be listed on the Statement of Organization, though an account does not have to be opened until a contribution is accepted.

Depositories may require a federal employer identification number (FEIN) from the Internal Revenue Service (IRS) to open an account.

# WHAT TO FILE

A political action committee must file **campaign statements**. The forms and instructions can be obtained from the Michigan Bureau of Elections or the Secretary of State website ([michigan.gov/sos/elections](https://michigan.gov/sos/elections)).

Campaign statements include:

- Cover page
- Summary page
- Schedules that itemize the committee's contributions, other receipts, expenditures, debts and fundraisers held by the committee



# WHEN TO FILE

## January Statement

- Closing Date: December 31 / Due Date: January 31

Exceptions for a committee that qualifies for and maintains the \$1,000 Reporting Waiver.

## April Statement

- Closing Date: April 20 / Due Date: April 25

## July Statement

- Closing Date: July 20 / Due Date: July 25

## October Statement

- Closing Date: October 20 / Due Date: October 25

**Campaign Statement Coverage:** A campaign statement's opening date is the date after the closing date of the last campaign statement filed by the committee.

Visit [mertsplus.com](https://mertsplus.com) to find due dates for special election reports and 48 hour / late contribution reports.

# METHOD OF FILING

## County Level

If the districts of all the candidates supported or opposed by the PAC are located wholly within the same county, the committee files with the clerk of that county.

## State Level

If the districts of any of the candidates supported or opposed by the PAC are *not* located wholly within the same county, the committee files electronically with the Michigan Bureau of Elections.

MertsPlus is the software program used by the Michigan Bureau of Elections for committees to file campaign finance reports electronically.

Learn how to download and use the software by visiting [mertsplus.com](https://mertsplus.com) to sign up for a webinar and review the MertsPlus User Guide.

## Federal Level

All PACs who support or oppose federal level candidates, should contact the Federal Election Commission for filing requirements at [fec.gov](https://fec.gov).

# CONTRIBUTIONS

**Contributions** are the monies, goods and services donated or loaned to the committee.

- Contributions of monies donated to the committee are called “**direct**” **contributions**. \$20 or less may be accepted as cash, while \$20.01 or more must be via check, money order or credit card.
- Contributions of goods and services donated to the committee are called “**in-kind**” **contributions**. The value of the contribution is fair market value or standard rental charges.
- A **loan**, whether monies or “in-kind”, is considered a contribution for the same amount as the loan.

The committee must collect and disclose the name of the contributor, address, date of the contribution and amount. If the contribution is over \$100, occupation and employer information is also required.

**Other Receipts** are the monies received by the committee that are not contributions. Common examples include interest, refunds, rebates received by the committee and un-cashed or returned checks. A loan from a financial institution is also an “other receipt”.

Details on how political action committees must record and report contributions and other receipts is available at [mertsplus.com](http://mertsplus.com).

# CONTRIBUTION LIMITS

An independent expenditure committee (Super PAC) *may not contribute directly* to a candidate or ballot question committee. Super PACs may spend *on behalf* of a candidate or ballot proposal as long as the expenditure is done independently – no collaboration.

There are other contributions prohibited by the MCFA as well – anonymous contributions, cash contributions over \$20, earmarked contributions, contributions from foreign nations, and more. A full list of prohibited contributions is available in Appendix O on [mertsplus.com](https://mertsplus.com).

# CONTRIBUTION LIMITS (continued)

## **Out-of-State Contributions**

Individuals and groups from out of state can contribute to a PAC but are subject to the limitations found in Appendix K on [mertsplus.com](https://mertsplus.com).

## **Partnership, LLC or PLLC Contributions**

Partnerships, Limited Liability Companies and Professional Limited Liability Companies can contribute to a PAC, but subject to the special conditions found in Appendix O2 on [mertsplus.com](https://mertsplus.com).

## **Exemptions for Volunteers**

A volunteer's personal and professional services do not count as a contribution as long as the volunteer assists the committee without any understanding or agreement that compensation will be received for the time donated. Professional services donated to the committee may include accounting, acting, graphic design, etc. If a volunteer receives compensation, it must be reported as an expenditure: if said compensation is made by a third party, it must be reported as an "in-kind" donation.

Volunteers can spend up to \$500 in personal travel expenses, and individuals may donate up to \$1000 in food and beverages per calendar year, but anything beyond this must be reported as an "in-kind donation".

# EXPENDITURES

**Expenditures** are anything of monetary value spent by the political action committee to influence the nomination or election of the candidate or the qualification, passage or defeat of a ballot question.

The committee treasurer or designated record keeper must record all expenditures by the amount, date made, purpose, and the name and address of the individual or business that received the funds. A receipt must be obtained for each expenditure made by the committee (a canceled check is acceptable).

A PAC may not make expenditures of \$50.01 or more in cash. Expenditures over \$50 must be made by a written instrument, such as a check or money order. The written instrument must show the committee's name and the name of the recipient.

More details on how committees record and report expenditures, as well as information on acceptable expenditures, are available at [mertsplus.com](https://mertsplus.com).

# “PAID FOR BY” IDENTIFIERS

The MCFA provides that certain political communications or paid political advertisements must identify the person or persons paying for the communication. The communication can be to further the nomination or election of a candidate or the qualification, passage or defeat of the ballot question.

Visit [mertsplus.com](https://mertsplus.com) to find sample wording for the “paid for by” identifier party communications must include.

# WHERE TO LEARN MORE

Start by visiting the Michigan Electronic Reporting and Tracking System (MERTS) webpage, [mertsplus.com](https://mertsplus.com), and review the **Committee Packet for PACs**.

- Read through the **Getting Started** step-by-step guide, including each web link within the guide.
- Read the yearly **Filing Guide** and the **Political Action Committee Manual** to learn about when a committee can use a reporting waiver, types of campaign statements required, closing dates, due dates and coverage dates for campaign statements, campaign finance compliance affidavits and so much more.
- Review the Campaign Statement **Due Dates** for the current year and find **Political Committee Forms**.

Read the **User Guide** for “All Other Committees” available at [mertsplus.com](https://mertsplus.com) to learn about how to download and use the software program.