



# **Michigan Campaign Finance: Independent, Political, Independent Expenditure (SuperPAC) Committee Manual**

INSTRUCTIONS PROVIDED BY THE MICHIGAN BUREAU OF ELECTIONS  
RICHARD H. AUSTIN BUILDING • 1ST FLOOR • 430 W. ALLEGAN • LANSING, MICHIGAN 48933  
(517) 335-3237

CFS-MAN-2

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# I. Introduction

Michigan's Campaign Finance Act (MCFA), P.A. 388 of 1976, as amended,  
**Introduction**

Michigan's Campaign Finance Act (MCFA), P.A. 388 of 1976, as amended, promotes the public disclosure of political contributions and expenditures. The Secretary of State and the County Clerks seek disclosure through voluntary compliance of candidates, groups and committees with the requirements of the MCFA.

The MCFA requires groups participating in Michigan elections to form and register committees. Committees are groups that:

- receive contributions or make expenditures to influence voters for or against the nomination or election of a candidate;
- receive contributions or make expenditures to influence voters for the qualification, passage, or defeat of a ballot question;
- make independent expenditures to influence voters; or
- receive contributions or make expenditures to assist a political party in qualifying for ballot access in Michigan

Exceptions are:

An individual, other than a candidate, does not constitute a committee.

A person, other than a registered committee, making an expenditure to a ballot question committee as long as the person does not solicit or receive contributions for the purpose of making an expenditure to that ballot question committee, does not constitute a committee.

The types of committees covered by the MCFA are:

- Candidate Committees
- Political and Independent Committees (PACS)
- Ballot Question Committees
- Political Party Committees

To register, a committee files a Statement of Organization. Statement of Organization forms can be obtained from the Secretary of State's website at <https://www.michigan.gov/sos/elections/disclosure>. State level filers must



file electronically. Once a committee is registered, it may be required to file campaign statements and other reports to disclose the committee's campaign finance activity in Michigan elections.

The MCFA specifies when and under what conditions a committee may be dissolved. A dissolved committee has no further filing obligations. All committees are encouraged to request dissolution when activity in the committee ends. A committee that has not been dissolved and does not have a Reporting Waiver must continue to file campaign statements as required by the MCFA.

If you have questions, do not hesitate to seek assistance from the Department of State's Bureau of Elections in Lansing. Possible violations can be avoided with early advice and use of instructional materials provided by the Department. When seeking specific legal advice, always rely on the MCFA and the Rules promulgated to administer the MCFA.

## **Forming and Registering a Political Action Committee**

As soon as a "person" or group receives or spends (as defined under the MCFA) \$500.00 or more in a calendar year, that person or group is required to form and register a committee. Committees are "persons" or groups that:

- receive contributions or make expenditures to influence voters for or against the nomination or election of a candidate;
- receive contributions or make expenditures to influence voters for the qualification, passage, or defeat of a ballot question; make independent expenditures to influence voters; or
- receive contributions or make expenditures to assist a political party in qualifying for ballot access in Michigan
- Once the \$500.00 threshold is met, the PAC has ten (10) calendar days to form and register with the appropriate filing official by submitting the Statement of Organization form. Formation is establishing the information needed to complete the Statement of Organization. The most important elements of formation include selecting a committee treasurer and a committee depository.

A PAC registers by filing a Statement of Organization form with the appropriate filing official. Therefore, the Statement of Organization is the



first form filed by a PAC. There are several sub types of each PAC type which are outlined below.

- Independent Committees include Caucus Committees and Separate Segregated Funds.
- Political Committees include Super PACS and Separate Segregated Funds.

(For more information on committee types see Appendix H).

The Statement of Organization forms can be obtained from the Department of State's website [www.michigan.gov/campaignfinance](http://www.michigan.gov/campaignfinance). State Level PACs can file the Statement of Organization electronically.

A PAC is required to include in the name of the committee the name of the person or persons that sponsor the committee, if any, or with whom the committee is affiliated. A person, other than an individual or a committee, sponsors or is affiliated with a PAC if that person establishes, directs, controls, or financially supports the administration of the committee. A person does not financially support the administration of a committee by merely making a contribution to the PAC.

## Where to File

PACs must file all required statements and reports with the appropriate filing official as listed below:

Committee Type	Supporting or Opposing	Filing Official
PAC	Candidate's district within one county	Clerk of that county
PAC	Candidate's district in more than one county	Michigan Department of State

- If the only "multi-county" candidate supported by the committee is a school board candidate, the committee files with the clerk of the county where the greatest number of voters eligible to vote on the office resides. (See Appendix B).



- Exception: Committees involved in State Level Recall Elections file with the Bureau of Elections in Lansing (See Appendix M).

## **Keeping the Committee's Statement of Organization Current**

The information on the Statement of Organization must be kept up-to-date. If a change in the information takes place, an amendment to the form must be filed no later than the due date of the first Campaign Statement required of the committee after the change. The treasurer serving at the time of the change must sign the amended Statement of Organization form. A committee may voluntarily file the required Statement of Organization amendments earlier if desired.



## **II. Campaign Finance Disclosure Requirements**

A PAC 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. The fundraiser schedule summarizes fundraisers 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 at [www.Michigan.gov/campaignfinance](http://www.Michigan.gov/campaignfinance). (Wayne County filers are encouraged to contact the Wayne County Clerk's office for specific filing instructions.)

### **The Reporting Waiver**

A PAC that does not expect to spend or receive more than \$1,000.00 in a calendar year can obtain a Reporting Waiver by selecting YES on the Statement of Organization or on an amended Statement of Organization. A committee that maintains a Reporting Waiver is exempt from filing detailed campaign statements unless it exceeds the

\$1,000.00 threshold. The Reporting Waiver is further explained in Appendix C.

### **Campaign Statement Coverage Dates and Due Dates**

Campaign statements have specific coverage periods. The first day covered by the campaign statement is referred to as the "opening date". The last day covered by the campaign statement is referred to as the "closing date". The time frame from the "opening date" to the "closing date" is referred to as the "coverage dates" or "coverage period".

The first campaign statement filed by a committee "opens" on the day the committee formed and extends through the "closing date" of the Statement that is due. Subsequent campaign statements "open" on the day after the





last day covered by the previous campaign statement filed by the committee and extends through the “closing date” of the campaign statement that is due. See Campaign Finance Disclosure website for more information.

In this way, there are never overlaps or gaps in the “coverage dates” of a committee’s campaign statements.

## State Level

PACs, including Super PACs and Caucus Committees, registered on the state level that do not maintain a Reporting Waiver are required to file campaign statements four (4) times a year according to the schedule detailed below:

PACs, including Super PACs, registered on the state level also file 48 Hour/Late Contribution Reports and Special Election Independent Expenditure Reports when applicable. See Appendix G for more information on filing these Immediate Disclosure Reports.

**Caucus Committees:** Caucus Committees are required to file four (4) campaign statements a year as outlined above. In addition, Caucus committees are required to file 48 Hour/Late Contribution Reports, Special Election Independent Expenditure Reports, and 24-Hour Reports when applicable. See Appendix G for more information on filing the Immediate Disclosure Reports.

Type of Statement	Closing Date of Statement	Statement Due Date
January	December 31	January 31
April	April 20	April 25
July	July 20	July 25
October	October 20	October 25

Please refer to Appendix E on Late Filing Fees for applicable late filing fees.

## County Level

PACs registered on the county level that do not maintain a Reporting Waiver are required to file campaign statements according to the schedule detailed below.



## When Campaign Statements Are Required

- A Pre-Election Campaign Statement is required 11 days before any “election” in which the committee participates (closes 16 days before the election). PACs registered on the county level are not required to file a Pre-Election Campaign Statement if all of the expenditures made by the committee that relate to the election involved have been reported in a previous campaign statement.
- A Post-Election Campaign Statement is required 30 days after any “election” in which the committee participates (closes 20 days after the election). PACs registered on the county level are not required to file a Post-Election Campaign Statement if all of the expenditures made by the committee that relate to the election involved have been reported in a previous campaign statement.
- An Annual Campaign Statement is required each year on January 31 (closes on December 31). The Annual Campaign Statement is required even if the committee does not have any receipts or expenditures to disclose for the period covered by the Statement. The Annual Campaign Statement is waived if the committee files a Post-General Campaign Statement due during the month of December.
- PACs, including Super PACs, registered on the local level also file 48 Hour/Late Contribution Reports and Special Election Independent Expenditure Reports when applicable. See Appendix G for more information on filing these Immediate Disclosure Reports.

Pre-Election Campaign Statements close 16 days before the election and are due 11 days before the election.

Post-Election Campaign Statements close 20 days following the election and are due 30 days following the election.

Annual Campaign Statements close on December 31 and are due January 31.

Immediate Disclosure Reports, see Appendix G for more information.



## Definition Of Election

The term “election” means a primary, general, special, recall, or millage election held in Michigan or a convention or caucus held by a political party in Michigan to nominate candidates. A committee is considered to be a participant in an election if:

- it makes a contribution to support or oppose a candidate involved in the election or a ballot question on the election ballot;
- it makes an independent expenditure to support or oppose a candidate involved in the election or a ballot question on the election ballot; or
- it makes a contribution to or an independent expenditure to assist a political party in gaining ballot access in Michigan.

## Annual Campaign Statement Filing Exemption

Type of Statement	Closing Date of Statement	Statement Due Date
January	December 31	January 31
April	April 20	April 25
July	July 20	July 25
October	October 20	October 25

A PAC registered on the local level that files a Post-General Campaign Statement due between December 1 and January 30 is not required to file the Annual Campaign Statement that is due on January 31 immediately following the Post-General. However, the committee would be required to file the Annual Campaign Statement that will be due on January 31 of subsequent years that cannot be waived.

## Examples Of When Campaign Statements Are Due

**Example 1:** During the Pre-General Campaign Statement reporting period, the ABC PAC makes an expenditure to support a candidate participating in a city General Election and a second expenditure on the same date to support a candidate participating in a Special Election scheduled after the General Election. These are the only expenditures the committee makes during the year. As a result of this activity, the committee is required to file the Pre-General Campaign Statement. The next campaign statement required of the committee is the Annual Campaign Statement. The Post-General, Pre-



Special and Post-Special Campaign Statements are not required, as they would not show any expenditures relating to the elections involved.

**Example 2:** During the Pre-General Campaign Statement reporting period, the XYZ PAC makes an expenditure to support a candidate participating in a city General Election. After the closing date for the Pre-General Campaign Statement, the committee makes an expenditure to support a candidate participating in a Special Election scheduled after the General Election. These are the only expenditures the committee makes during the year. As a result of this activity, the committee is required to file the Pre-General and the Pre-Special Campaign Statements. The next campaign statement required of the committee is the Annual Campaign Statement. The Post- General and Post-Special Campaign Statements are not required, as they would not show any expenditures relating to the elections involved.

**Example 3:** On December 22, prior to the close of the Annual Campaign Statement on December 31, the BOOST PAC makes an expenditure to support a candidate participating in a village Primary Election that will be held in January of the following year. This is the only expenditure the committee makes with respect to the village Primary. The committee files the Annual Campaign Statement, reporting the expenditure. The committee is not required to file the Pre-Primary or Post-Primary Campaign Statements, as they would not show any expenditures relating to the village Primary.

**Immediate Disclosure Reports:** See Appendix G

- 48 Hour/Late Contribution Reports
- Special Election Independent Expenditure Reports
- 24 - Hour Reports (State Level Caucus Committees Only)

**Late Filing Fee Schedules:** See Appendix E



# III. Contributions and Other Receipts

Committees receive monies, goods and services from a variety of sources. Any items of value received by the committee are called receipts. The receipts are separated into two types by the MCFA; "contributions" and "other receipts".

**"Contributions"** are the monies, goods and services donated or loaned to the committee. Contributions of monies donated to the committee are called "direct" contributions. Contributions of goods and services donated to the committee are called "in-kind" contributions.

**"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".

## Types Of Contributions

**Contribution of Money:** A committee may accept direct contributions of money from legal sources. Direct contributions of \$20.01 or more must be on written instruments such as a check, money order or credit card. Direct contributions of

\$20.00 or less may be received in cash.

**In-kind Contribution:** In-kind contributions are goods, services and facilities donated or loaned to the committee at no cost or at a discount. An in-kind contribution could be a donation of postage stamps, paying off a debt incurred by the committee or donating professional services to the committee. The value of an in-kind contribution is the fair market value of the goods or services or the usual rental charge of the facility. If the committee receives a discount unavailable to the general public, the value of the in-kind contribution is the amount discounted.

**Loan as a Contribution:** A committee may accept loans from legal sources. A loan is considered a contribution for the same amount as the loan. Therefore, a loan of \$100.00 is a contribution of \$100.00. A loan can be a loan of money or an in-kind

contribution. A loan endorsement is an in-kind contribution to the committee in the amount of the endorsement.



## Recording and Reporting Receipts

The committee treasurer or designated record keeper must record and report the following information for donors when contributions or other receipts are received by the committee. This information is required regardless of the method of payment; cash, check, money order, electronic fund transfer or credit card.

### Contributions from Individuals

1. First and last name;
2. Complete address;
3. Date of contribution meaning the date an agent of the committee takes possession of the contribution, not the date of issue or deposit date; and
4. Amount of contribution (Each contribution is reported separately)
5. Occupation and employer information when contributor exceeds \$100.00 in a calendar year

**Joint Checking Accounts:** Record and report contributions received on a joint personal checking account as being received by the person who has signed the check. If the committee has knowledge that the check was intended to be split among contributors, record and report each contributor separately. This is common for joint checking accounts between spouses.

### Contributions from Registered PACs and Party Committees

1. Committee name;
2. Complete address;
3. Date of contribution meaning the date an agent of the committee takes possession of the contribution, not the date of issue or deposit date; and
4. Amount of contribution (Each contribution is reported separately)

### Contributions from unregistered groups

1. Organization name;
2. Complete address;



3. Date of contribution meaning the date an agent of the committee takes possession of the contribution, not the date of issue or deposit date; and
4. Amount of contribution (Each contribution is reported separately)
5. If an individual gave toward the organization's contribution, the amount the individual gave, the date the organization received the individual's contribution, and the individual's name and address must be recorded and reported. If the donor also gave \$100.01 or more toward the organization's contribution, the individual's occupation, employer and principal place of business must also be recorded. Note: If the contribution from the unregistered group is \$500.00 or more, the group must form and register a committee within 10 calendar days after reaching the \$500.00 threshold.

## Other Receipts

1. Complete Name;
2. Complete address;
3. Date of other receipt;
4. Amount of other receipt

**Prompt Deposit Required:** The committee treasurer or agent must promptly deposit all funds received by the committee in the committee's depository. The committee receives a contribution as soon as the committee treasurer or an agent designated by the treasurer receives it.

**When a Written Instrument is Required:** A committee may not accept contributions of \$20.01 or more in cash. A written instrument such as a check, money order, credit card or other electronic funds transfer record containing the name of the person making the contribution, date and amount of the contribution, and the name of the committee accepting the contribution must be included in the documentation.

## Contribution Limits

PACs may receive unlimited contribution amounts from legal sources. Exceptions apply for Caucus Committees.



## Acceptable Contributions and Exemptions

**Contribution of Money:** A Committee may accept direct contributions of money from legal sources in the form of cash (\$20.00 or less), check, money order, electronic funds transfer or credit cards.

**Loan as a Contribution:** A committee may accept loans from individuals, Independent Committees, Political Committees, Political Party Committees and financial institutions. Loans, other than financial institution loans, are recorded as contributions. A loan received by a committee which is endorsed or guaranteed by a third party means the third party is liable for the amount loaned.

Loan as an Other Receipt – Financial Institution Loan: A loan made by a financial institution is recorded as an “other receipt.”

**In-kind Contributions:** In-kind contributions are goods, services and facilities provided to the committee at no cost or at a discount. An in-kind contribution could be a donation of postage stamps to the committee, a person paying off a debt incurred by the committee or a person donating professional services to the committee. The value of an in-kind contribution is the fair market value of the good or service or the usual rental charge of the facility. If the committee receives a discount unavailable to the general public, the value of the in-kind contribution is the amount discounted.

Independent and Political Committees must not accept an in-kind contribution from a corporation, joint stock company, labor union, domestic dependent sovereign, foreign national or persons holding a casino interest.

**Contributions from Out-of-State Groups:** See Appendix K.

**Partnership, Limited Liability Company (LLC) or Professional Limited Liability Company Contributions:** Contributions can be received from partnerships, LLCs and PLLCs, but special conditions exist for reporting the contributions. For more information see Appendix O2

**Bundled Contributions Delivered to Statewide Candidate Committee:** “Bundling” is defined as the delivery of one or more contributions from individuals to the candidate committee of a candidate for Governor, Lt. Governor, Secretary of State, Attorney General, State Board of Education, University of Michigan Regent, Michigan State University Trustee, Wayne State University Governor or Supreme Court Justice, by a PAC registered with the Secretary of State.





Contribution limits apply to bundled contributions. A PAC may give bundled contributions that are equal in amount to the contribution limit that they must adhere to if they were giving the committee a contribution directly. The bundled contribution limit is in addition to the contribution limit that the committee is allowed to give directly from the PAC's account. The Bundled Contributions Schedule can be obtained from the Bureau of Elections.

**Contribution Exemptions:** An individual can assist a committee in a number of ways without the assistance counting as a contribution to the committee. For more information see Appendix O1

**Prohibited Contributions:** See Appendix O

Funds received by a committee which are returned to the contributor within 30 business days after their receipt are not a "contribution" under the MCFA.

Funds that are returned to the contributor which have not been deposited in the committee's account are not reported on the next campaign statement required of the committee. A record of the action taken should be kept by the committee.

Funds deposited into the committee's account that are subsequently returned to the contributor must be reported on the campaign statement covering the period during which the contribution was received and returned.

**Fund Raisers:** See Appendix F



## IV. Expenditures

“Expenditure” means a payment, donation, loan, 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, the qualification, passage or defeat of a ballot question or the qualification of a new political party. Expenditure includes, but is not limited to, any of the following:

- A contribution or a transfer of anything of ascertainable monetary value for purposes of influencing the nomination or election of a candidate, the qualification, passage, or defeat of a ballot question or the qualification of a new political party.
- An expenditure for voter registration or get-out-the-vote activities made by a person who sponsors or finances the activity or who is identified by name with the activity.
- An expenditure made for poll watchers, challengers, distribution of election day literature, canvassing of voters to get out the vote, or transporting voters to the polls.

Expenditure does not include any of the following:

- An expenditure for communication by a person with the person’s paid members or shareholders and those individuals who can be solicited for contributions to a separate segregated fund under Section 55 [7].
- An expenditure for communication on a subject or issue if the communication does not support or oppose a ballot question or candidate by name or clear inference.
- An expenditure for the establishment, administration, or solicitation of contributions to a separate segregated fund in compliance with Section 55 [8].
- An expenditure by a broadcasting station, newspaper, magazine, or other periodical or publication for a news story, commentary or editorial in support of or opposition to a candidate for elective office or a ballot question in the regular course of publication or broadcasting.
- An offer or tender of an expenditure if expressly and unconditionally rejected or returned.



- An expenditure for nonpartisan voter registration or nonpartisan get-out-the- vote activities made by an organization that is exempt from federal income tax pursuant to section 501(c )(3) of the internal revenue code.
- An expenditure for nonpartisan voter registration or nonpartisan get-out-the- vote activities performed pursuant to Michigan Election Law by the Secretary of State and other registration officials who are identified by name with the activity.

## Recording And Reporting Expenditures

The committee's treasurer or designated record keeper must: See Appendix A

- Record all expenditures by the amount, date made, and the recipient's name and address.
- Record all expenditures made to or on behalf of Candidate Committees by the amount, date made, and the committee's name and address. Record the candidate's name and county of residence, the office he or she seeks, and the district or community served by the office.
- Record all expenditures made to support or oppose a ballot question by the amount, date made and a description of the question. Also record whether the question is a statewide, multi-county or single-county issue. For multi-county issues, indicate the name of the county with the greatest number of voters eligible to vote on the issue. If the expenditure is made to or on behalf of a specific Ballot Question Committee, record the name and address of the Ballot Question Committee.
- Record funds spent from the committee's account that are not "expenditures" as defined by the Act. These are funds that are not spent to influence voters on a candidate or an issue. A record of these types of expenditures is needed to balance the committee's funds on campaign statements.

Refer to the Campaign Statement instructions booklet for specific information on how to report expenditures.

**When a Written Instrument is Required:** A written instrument such as a check or money order must be used to make an expenditure of \$50.01 or more. The written instrument must show the committee's name and the



name of the recipient. A committee may not make expenditures of \$50.01 or more in cash.

## **Acceptable Expenditures and Exemptions**

**Petty Cash Fund:** The committee treasurer may establish a petty cash fund with funds withdrawn from the committee's official depository.

- The committee must record the name, date, and amount of each expenditure made from the petty cash fund.
- Single cash expenditures of \$50.00 or less may be made from the petty cash fund.

**In-Kind Expenditures:** In-kind expenditures are goods, services and facilities provided to another committee at no cost or at a discount.

The value of an in-kind expenditure is the fair market value or usual rental charge of the good, service or facility. If the committee provides goods, services or facilities to another committee at a discount, the value of the in-kind expenditure is the amount discounted.

**Independent Expenditures:** Independent expenditures are expenditures made on behalf of a candidate or a ballot question without the direction or control of the candidate's committee or a committee supporting or opposing the ballot question and are not contributions to the committee. Independent expenditures are never made under the control of or at the direction of another person or committee. Independent expenditures can be made in any amount and do not count toward the total contribution amount given to a candidate. Independent expenditures may also be made in opposition to a candidate or ballot issue.

**Limitations On Expenditures To Candidates:** The Act limits the amount Independent and Political Committees can contribute to, or expend on behalf of, candidates. The following types of expenditures count toward the expenditure limit: expenditures in cash, expenditures by written instrument such as a check or money order, in-kind expenditures, and loans. Independent expenditures do not count toward the limit.

Normally referred to as "contribution limits", the limitations are set on an "election cycle" basis and apply to the amount a committee can expend as a direct contribution of money to a Candidate Committee or as an in-kind contribution of goods or services to, or on behalf of a Candidate Committee. An election cycle begins on the day following a general election in which the



office involved appears on the ballot and ends on the day of the next general election in which the office appears on the ballot. For a special election the election cycle begins on the day the special election is scheduled or the date the office involved becomes vacant (whichever is earlier) and ends on the day of the special election.

A house political party caucus committee or senate political party caucus committee is not limited in the amount of contributions made to the candidate for the office of state legislator except as follows:

- Shall not pay a debt incurred by a candidate if that debt was incurred while the candidate was seeking nomination at a primary election and the candidate was opposed at that primary.
- Shall not make a contribution to or make an expenditure on behalf of a candidate if that candidate is seeking nomination at a primary election and the candidate is opposed at that primary.

A house political party caucus committee or a senate political party caucus committee shall follow the contribution limits for Independent Committees when making a contribution to a candidate for any Michigan office other than State legislator.

**State Elective Offices:** State elective offices not listed above are secretary of state, attorney general, supreme court justice, state board of education, University of Michigan regent, Michigan State University trustee, Wayne State University governor.

**Loans by Independent and Political Committees:** A loan accepted by a candidate from an Independent or Political Committee counts toward the contribution limit applicable to the committee. A loan received by a candidate which is endorsed or guaranteed by a third party counts toward the contribution limit applicable to the third party to the extent the third party is liable for the amount loaned. Amounts repaid on a loan by the committee no longer count toward the contribution limit applicable to the lender or any person endorsing or guaranteeing the loan.

An amount contributed to a candidate by an Independent or Political Committee does not count toward the contribution limit applicable to any person who may have given the funds involved to the Independent or Political Committee, unless the person directs or controls the ultimate use of those funds. A person cannot make a contribution to a Political or Independent Committee with the understanding or agreement that the contribution will be passed on to a particular Candidate Committee.



**Designation of Contributions for Previous Election Cycles:**

A contribution received by a Candidate Committee is considered to be for the current election cycle unless specifically designated for a previous election cycle. An Independent or Political Committee can designate a contribution for a previous election cycle if the designation is made in writing; the committee did not reach the applicable contribution limit set for the candidate in the election cycle identified in the designation; and the designated contribution does not exceed the Candidate Committee's outstanding debts from the election cycle identified in the designation.

**Delivery of a Contribution to Another Committee by a Third Party:** An individual who obtains possession of a contribution that a committee registered under the Act wishes to give to another committee registered under the Act has ten (10) business days to take one of the following actions:

1. Deliver the contribution to the appropriate committee treasurer;
2. Deliver the contribution to any agent of the appropriate committee; or
3. Return the contribution to the payer.

The 10-day time limit for these actions does not apply if the individual in possession of the contribution is the treasurer or designated record keeper of the contributing committee.

Use of Independent Contractors See Appendix L

**Endorsements:** An endorsement is not (in and of itself) an expenditure under the MCFA. An organization such as a corporation, labor organization, domestic dependent sovereign or a committee can endorse a candidate. However, the expense to communicate the endorsement may be considered an expenditure made on behalf of a candidate committee. Therefore, committees and organizations must be in compliance with the MCFA when making expenditures to communicate an endorsement. If the candidate committee alone makes expenditures to communicate the endorsement, no violation of the MCFA can occur.

## **Expenditure Exemptions**

The Act exempts the following activities from the expenditure definition:

- A group or committee may communicate with its paid members or shareholders without having to report the expenses involved as



expenditures. The communication can support or oppose ballot questions.

- A group or committee may communicate with anyone or a subject or an issue without having to report the expenses involved as expenditures if the communication does not support or oppose a ballot question by name or clear influence.

## **Prohibited Expenditures**

- A committee may not make a single expenditure from petty cash that exceeds \$50.00.
- A committee may not make an expenditure in cash that exceeds \$50.00.

## **Transfers Between PACs**

Transferring funds from one committee to another is often simply a “contribution” from one committee to another committee. If the transfer is really a contribution, then the transaction must be recorded and reported as such and any limitations or prohibitions provided in the Michigan Campaign Finance Act (MCFA) apply. However, there are certain circumstances provided for in the MCFA where a “transfer” is not considered a contribution. Transfers must be recorded and reported as required by the MCFA. The transfers below are:

- Federal Parent PAC to State/Local Affiliated PAC
- State/Local Affiliated PAC to State/Local Affiliated PAC
- State/Local Affiliated PAC to Federal Parent PAC

If you encounter a transfer scenario that is not covered in this publication, please contact our office for further direction. You can email us at [MDOS-CampaignFinance@michigan.gov](mailto:MDOS-CampaignFinance@michigan.gov).

### *Federal Parent PAC to State/Local Affiliated PAC*

A federal parent PAC can transfer funds to the Michigan state/local affiliate PAC. See Appendix K: Itemization of Contributions and Expenditures for more information.



### *State/Local Affiliated PAC to State/Local Affiliated PAC*

A state/local affiliated PAC may transfer funds to another state/local PAC. Since both committees are registered under the MCFA, no additional itemization of the contributions is required.

### *State/Local Affiliated PAC to Federal Parent PAC*

A state/local affiliated PAC may transfer funds to their federal parent PAC under the provisions of the MCFA. However, since the receiving committee is not covered under the MCFA, but rather the Federal Elections Commission, there may be other regulations outside of the MCFA that would prohibit the transfer.

**Dissolution Of Committee** See Appendix W





## **V. Corporations, Joint Stock Companies, Labor Organization and Domestic Dependent Sovereigns Separate Segregated Funds**

Sections 54 and 55 of the Michigan Campaign Finance Act (MCFA) [9] set forth the requirements corporations, joint stock companies, labor organizations and domestic dependent sovereigns must meet if they wish to participate in state and local elections in Michigan through direct and in-kind contributions. Since a joint stock company is a type of corporation, its reference will be included when the word corporation is used.

Section 54 prohibits these organizations from making direct and in-kind contributions to Candidate Committees, Political Party Committees, Political Committees and Independent Committees (PACs) using their treasury funds or monies.

Section 55 allows these same organizations to participate by establishing highly regulated funds called Separate Segregated Funds (SSF) that are administered by the connected organization. Connected organization means either of the following:

- A corporation organized on a for-profit or nonprofit basis, a joint stock company, a domestic dependent sovereign, or a labor organization formed under the laws of this or another state or foreign country.
- A member of any entity listed above that is not an individual and that does not maintain its own separate segregated fund, unless its separate segregated fund and the separate segregated fund of the entity of which it is a member are treated as a single independent committee as provided in section 52(10).

*Note: These provisions do not govern corporations formed solely for political purposes.*



## **Forming a Separate Segregated Fund**

A corporation, joint stock company, labor organization, or domestic dependent sovereign that wishes to support or oppose candidates through direct or in-kind contributions must establish a single "separate segregated fund." This is done by registering a committee by filing a Statement of Organization as either an Independent Committee or Political Committee and indicating on the form/filing that the committee is a Separate Segregated Fund. Registration is required within 10 calendar days after \$500.00 or more is received or spent in a calendar year to support or oppose candidates or ballot issues. For more information on the filing requirements see the PAC Manual.

## **Allowable SSF Expenditures**

A Separate Segregated Fund may make the following expenditures:

- Make direct and in-kind contributions to Candidate Committees
- Make independent expenditures on behalf of candidates and Candidate Committees
- Make direct and in-kind contributions to Ballot Question Committees
- Make independent expenditures on behalf of ballot issues and Ballot Question Committees
- Make direct and in-kind contributions to Political Party Committees
- Make direct and in-kind contributions to Political and Independent Committees (PACs)
- Make direct and in-kind contributions to Independent Expenditure Committees (IEC/Super PACs)
- Make direct and in-kind contributions to other Separate Segregated Funds
- Make any other lawful disbursement

## **Allowable SSF Contributions**

It is important to state first that no corporate or joint stock company treasury money, labor organization treasury money or tribal money may be placed in a Separate Segregated Fund. Contributions to a Separate Segregated Fund can only be solicited and accepted from those individuals



specified in section 55 [10] of the MCFA and Rule 169.39e of the Department's administrative rules. These individuals are described below in the following categories:

- For Profit Corporations
- Nonprofit Corporations
- Domestic Dependent Sovereigns (Indian Tribes)
- Labor Organizations
- For Profit Corporations: Contributions for a fund established by a for profit corporation may be solicited and accepted from any of the following:
  - Stockholders of the corporation and their spouses
  - Officers and directors of the corporation and their spouses
  - Employees of the corporation who have policy-making, managerial, professional, supervisory or administrative, non-clerical responsibilities and their spouses
  - Employees of subsidiary corporations who have managerial, professional, supervisory, or administrative non-clerical responsibilities and their spouses
- Nonprofit Corporations: Contributions for a fund established by a nonprofit corporation may be solicited and accepted from the following:
  - Stockholders of the corporation and their spouses
  - Stockholders of members of the corporation and their spouses
  - Officers and directors of the corporation and their spouses
  - Officers or directors of members of the corporation and their spouses
  - Employees of the corporation who have policy-making, managerial, professional, supervisory or administrative, non-clerical responsibilities and their spouses
  - Employees of subsidiary corporations who have managerial, professional, supervisory, or administrative non-clerical responsibilities and their spouses



- Employees of the members of the corporation who have policy-making, managerial, professional, supervisory or administrative, non-clerical responsibilities and their spouses
- Members of the corporations who are individuals and their spouses
- Domestic Dependent Sovereigns: Contributions for a fund established by a domestic dependent sovereign may be solicited from an individual who is a member of any domestic dependent sovereign.

**Labor Organizations:** Rule 169.39e(2) provides that a labor organization that is comprised of member unions may solicit individuals who are members of its member unions and their spouses, as well as employees who have policy making, managerial, supervisory, or administrative non-clerical responsibilities and their spouses.

Labor organizations that are comprised of individual members are not subject to this rule. These labor organizations may accept voluntary contributions from individuals.

NOTE: Section 55(4) [11] of the MCFA was intended to apply to the solicitation of contributions by labor organizations. However, this section was enjoined from operation by a March 31, 1995, order of the U.S. District Court. The District Court's order was not appealed and remains in effect.

**Automatic Contributions:** Section 55(6) [12] of the MCFA governs automatic contributions, such as payroll deduction. As a general rule, contributions may not be obtained on an automatic or passive basis, and a reverse check off method of obtaining contributions is strictly prohibited.

A corporation organized on a for profit or nonprofit basis, a joint stock company, a domestic dependent sovereign, or a labor organization may solicit or obtain contributions for a separate segregated fund from an individual on an automatic basis, including but not limited to a payroll deduction plan, only if the individual who is contributing to the fund affirmatively consents to the contribution. The consent is effective until the contributor rescinds the consent. The consent is not required to be renewed annually.

Rule 169.39d provides that the affirmative consent required by Section 55(6) [13] must be in writing and signed and dated by the contributor. The written affirmative consent shall include, at a minimum, the following information:



a.) A notice, which shall read as follows:

**Affirmative Consent To Political Contribution:** Section 55(6) [14] of the MCFA provides that a for profit or non profit corporation, a joint stock company, a domestic dependent sovereign, or a labor organization may solicit or obtain contributions for a separate segregated fund on an automatic basis, including but not limited to a payroll deduction plan, only if the individual who is contributing to the fund affirmatively consents to the contribution.

(b.) The contributor's first, middle, and last names.

(c.) The amount of money to be withheld from the contributor's wages or the percentage of the contributor's wages to be withheld.

(d.) The frequency with which the withholding is to be accomplished. The withholding may be per pay period, per week, per month, or per year.

(e.) The name of the committee to which the withheld earnings are to be transferred.

(f.) The calendar year for which the consent is given.

Contributions that are obtained and used to make expenditures in Michigan elections must conform to the requirements of Section 55(6) [15].

Therefore, an out-of-state PAC or a federal PAC that collects contributions through payroll deduction must comply with the affirmative consent requirement for those funds that are used to make expenditures to support or oppose state and local candidates or ballot questions in Michigan.

## Affirmative Consent FAQs

**Can consent be given for multiple years?** Yes. A contributor must give affirmative written consent but the consent is not required to be renewed.

**Is a "reverse check off" plan for automatic contributions to a separate segregated fund (SSF) allowed under the MCFA?** No. A reverse check off plan is a passive consent plan. All contributions that are automatically deducted must comply with the affirmative consent rules.

**Must the affirmative consent be signed?** Yes. In order to fulfill the requirements of the MCFA, the affirmative consent must be in writing and must be signed by the contributor.



**Can we obtain the affirmative consent with an electronic signature?**

Yes. While the MCFA requires a written and signed document, neither of these terms are defined. An employer may meet the requirements of the MCFA by conforming to the Uniform Electronic Signatures Act (UESA) P.A. 305 of 2000.

**Can the affirmative consent be withdrawn or revoked?** Yes. A contributor can inform the employer at any time that the affirmative consent is withdrawn or revoked.

**Can the sponsor pay the costs of administering the payroll deduction plan?** No, sponsors may not pay the cost of administering the payroll deduction plan that benefits a separate segregated fund (SSF) but may do so if the SSF reimburses the sponsor. Please note that a public body may not use public funds in any way for the establishment or maintenance of a payroll deduction plan and no reimbursement is possible without violating the MCFA.

**What would a sample affirmative consent form look like?**

Affirmative Consent to Political Contribution	
Section 55(6) of the Michigan Campaign Finance Act provides that a corporation, a joint stock company, a domestic dependent sovereign, or a labor organization “may solicit or obtain contributions for a separate segregated fund established on an automatic basis, including but not limited to a payroll deduction plan, only if the individual who is contributing to the fund affirmatively consents to the contribution at least once in every calendar year.”	
I, _____ <small>First Name, Middle Initial, Last Name</small>	authorize _____ <small>Name of Employer</small>
to withhold \$ _____ per: pay period / week / month / year from my earnings in order to make political	
contributions to _____ <small>Name of Committee</small> . This consent is for the calendar year _____	
Signature: _____	Date: _____

**Administrative and Solicitation Expenses:** Corporate funds, labor organization treasury funds and tribal money may be used to pay their own separate segregated fund’s administrative and solicitation expenses. This would include such items as office space, telephones, utilities, supplies, legal and accounting services, salaries and any other expenses incurred in setting up and administering the committee.

A corporation, joint stock company, labor organization or domestic dependent sovereign may make expenditures for communications if the



communications are exclusively with paid members, shareholders, or persons who can be solicited for contributions to the separate segregated fund established by the corporation, joint stock company, labor organization or domestic dependent sovereign.

Travel expenses incurred by officers or directors of a separate segregated fund established by a trade association may be paid by the officer's or director's corporation or by the trade association which established the separate segregated fund.

When a separate segregated fund holds fund raising events, the sponsoring organization is limited as to the expenses it can pay. Fund Raising expenses such as entertainment, premiums and prizes are not considered administrative expenses and cannot be paid for by the sponsoring organization. However, the sponsoring organization may pay the solicitation costs of its separate segregated fund's fund raising event. Such costs would include any costs associated with licenses, advertising, printing and mailing.

**Sponsoring Organization Activities:** A corporation, joint stock company, labor organization or domestic dependent sovereign cannot allow employees or members to engage in candidate campaign activities in an official capacity while on the sponsoring organization's time.

A sponsoring organization allowing yard signs on its property may be making an in-kind contribution if there is an ascertainable monetary value involved. If there is such a value, a sign that supports or opposes a candidate is prohibited.

Sponsoring organizations, which permit candidates to visit their facilities, are not making a contribution if such visits are equally available to all candidates and the organization does not communicate support of or opposition to the visiting candidate.

A sponsoring organization which is a member of a non-profit sponsoring organization which has a separate segregated fund may permit occasional, isolated, or incidental use of the organization's facilities or personnel to establish, administer or solicit contributions for the separate segregated fund, not to exceed one hour per week or four hours per month.

Sponsoring organizations may not purchase space in "program books" of any committee other than a Ballot Question Committee.

The above restrictions do not apply to activities undertaken to support or oppose a ballot question. A corporation, joint stock company, labor



organization or domestic dependent sovereign may also use its general treasury funds to contribute to a Ballot Question Committee and make independent expenditures for the qualification, passage or defeat of a ballot question. If a corporation, joint stock company, labor organization or domestic dependent sovereign makes independent expenditures, the organization must register as a Ballot Question Committee within 10 business days after spending \$500.00 on that issue.

**Affiliated Committees:** All Political Committees and Independent Committees established, financed, maintained, or controlled by the same corporation, joint stock company, or labor organization, including a parent, subsidiary, branch, division, department, or local unit of the corporation, company, or organization, are affiliated. "Local unit" may include, in appropriate cases, a franchise, licensee, or state or regional association.

Affiliated committees sharing a single contribution limitation include all of the committees established, directed, controlled, or financially supported by one of the following entities:

- A single for-profit corporation or joint stock company, including its subsidiaries.
- A single national or international union, including its subordinate organizations, such as local unions, branches, divisions, or departments.
- An organization of national or international unions, including all its state and local central bodies.
- A nonprofit corporation, including trade or professional associations and related state and local entities of the corporation.





## VI. Important

The information presented in this publication is offered as a summary of the provisions governing the requirements to file campaign statements as a candidate for elective office; it is not a complete description of all the controlling laws. If any errors are found, it the law, itself, which must be followed. Questions may be addressed to:

Michigan Department of State, Bureau of Elections  
P.O. Box 20126  
Lansing, Michigan 48901-0726  
Telephone: (517) 335-3234 or (800) 292-5973  
Fax: (517) 335-3235  
Email: [MDOS-CampaignFinance@Michigan.gov](mailto:MDOS-CampaignFinance@Michigan.gov)  
Web: [www.Michigan.gov/Elections](http://www.Michigan.gov/Elections)

