MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN • SECRETARY OF STATE

STATE TREASURY BUILDING

LANSING
MICHIGAN 48918

October 10, 1978

Honorable Richard Allen
Michigan State Senate
State Capitol
Lansing, Michigan 48909

Dear Senator Allen:

This is in response to your request on behalf of the Republican Senate Caucus for an answer to questions concerning the Campaign Finance Act, P.A. 388 of 1976, as amended ("the Act"). Your questions are answered in the order in which they were asked.

1. May a debt incurred in one year be paid in subsequent years from funds raised for campaign purposes?

2. Is interest on a campaign debt a legitimate campaign expense?

These two questions are answered affirmatively. A debt incurred by a committee in one year may be paid in subsequent years from funds raised by the committee for campaign purposes. Interest on a campaign debt is a legitimate campaign expense.

3. May campaign debts be carried from one year to another, and if so, is there any limitation on the number of years during which they may be carried?

Campaign debts may be carried from one year to a subsequent year by a committee. There is no limitation on the number of years that a debt may be carried.

4. May a debt incurred in one year be repaid with funds raised in another year for another election, and if so, would it make any difference if it was for another office?

A debt incurred in one year may be repaid with funds raised in another year, including funds raised by a committee for another election. In responding to the latter part of your question, attention must be given to Section 45(1) of the Act (MCLA § 169.245) which states:

"(1) A person may transfer any unexpended funds from 1 candidate committee to another candidate committee of that person if the contribution limits prescribed in section 52 for the candidate committee receiving the funds are equal to or greater than the contribution limits for the candidate committee transferring the funds and if the candidate committees are simultaneously held by the same person."

The statute is explicit in permitting the transfer of funds only if the contribution limits of the committee receiving the funds are equal to or greater than those of the transferring committee. In addition, the candidate committees must be held simultaneously by the same person.

5. If more funds are raised than expended, can the excess moneys be used to pay off a debt as the result of the candidate having run in the past for county commissioner?

If more funds are raised than expended by the committee of a candidate, excess moneys may be used to pay off a debt remaining from an election in which the candidate ran previously for county commissioner. This office is not subject to contribution limits. However, as noted previously, the candidate must be holding both committees simultaneously, i.e., his or her present committee and the committee for county commissioner.

6. Is there a legal or implied designation of funds for a particular year when raising funds? Does it make a difference if the purpose is stated in the fundraising effort?

Section 52 of the Act (MCLA § 169.252) is responsive to your question. This statutory provision, which identifies contribution limits, states (in part):

"(2) For the purpose of subsection (1), "with respect to a single election" means, in the case of a contribution designated in writing for a particular election, the election so designated. A contribution made after a primary election, general election, caucus, or convention and designated for the primary election, caucus, or convention shall be made only to the extent that the contribution does not exceed net outstanding debts and obligations from the primary election, general election, caucus, or convention. If a contribution is not designated in writing for a particular election, the contribution shall be considered made for a primary election, general election, caucus, or convention if made on or before the date of the primary election, general election, caucus, or convention."

With respect to the latter part of your question, the Department strongly encourages a statement of the purpose of a fundraising effort so a contributor is aware of the extent and purpose of any contribution he or she makes.

7. May excess funds raised by a committee at a fundraiser publicized as "John Doe for 1978" be used for another legitimate campaign purpose of the committee, past debt of the committee, or held over for future campaigns of the committee?

Excess funds raised at a fundraiser publicized as "John Doe for 1978" may be used for another legitimate campaign purpose of the committee, past debt of the committee, or held over for future campaigns of the committee so long as the original recipient committee remains in existence. If the original committee terminates its existence, Section 45(2) of the Act (MCLA § 169.245) states unexpended funds must be given to a political party committee, a tax exempt charitable institution, or returned to contributors of the funds.

This response may be considered as informational only and not as constituting a declaratory ruling.

Very truly yours,

Phillip T. Frangos

Phillip T. Frangos, Director
Office of Hearings and Legislation

PTF:pj