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MICHIGAN DEPARTMENT OF STATE

RICHARD H. AUSTIN

SECRETARY OF STATE



LANSING  
MICHIGAN 48918

STATE TREASURY BUILDING

SEP 29 2 00 PM '81

STATE

September 28, 1981

Mr. Terry R. Black  
200 Mill Street  
Lansing, Michigan 48933

Dear Mr. Black:

This is in response to your inquiry as to whether a garage sale is a fundraising event as defined in the Campaign Finance Act ("the Act"), 1976 PA 388, as amended. You also inquire as to the status for purposes of the Act of a purchaser at a sale.

Section 7(4) of the Act (MCL 169.207(4)) defines "fundraising event" to mean "an event such as a dinner, reception, testimonial, rally, auction, bingo, or similar affair through which contributions are solicited or received by purchase of a ticket, payment of an attendance fee, donations or chances for prizes, or through purchase of goods or services." (Emphasis supplied). Section 4(1) (MCL 169.204(1)) defines "contributions" to mean "anything of ascertainable monetary value made for the purpose of influencing an election." Accordingly, since the garage sale was held to raise money for an election campaign through the purchase of goods, it is a fundraising event within the meaning of the Act's provisions.

You correctly point out that a person who donates an item to the committee, such as a \$25 toaster, is making a contribution in the amount of the fair market value of the item. Thus the toaster is a \$25 contribution by the donor whether it is ultimately sold for \$10, \$25, or \$50.

It is your contention that a payment by a purchaser at a garage sale fundraiser becomes a contribution only insofar as it exceeds the fair market value of the item purchased. In other words, you maintain an individual who pays \$25 to purchase a radio worth \$25 at fair market value is not a contributor to the sponsoring candidate committee. You indicate if the same individual purchases the same radio for \$50, then the purchaser contributes \$25 and not \$50. You state, "Persons should not be reported as contributors to the campaign if they, in fact, receive value equal to or greater than their payments. They have made no contribution; they've simply purchased property."

In a letter to Mr. Michael Hutson on September 20, 1978, the Department stated that for fundraising events a committee must treat the gross amount of each contribution as a contribution and not merely the net proceeds after deducting expenses. In other words, the fair market value received by the contributor at a fundraising event is irrelevant to the total amount contributed by the contributor to the sponsoring committee. Consequently, in your example of the \$25 radio, the contribution is \$25 if the contributor pays \$25 for it.

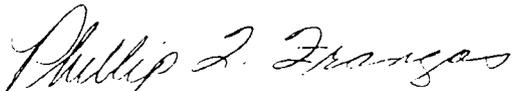
Mr. Terry R. Black  
September 28, 1981  
page 2

The principal purpose of the Act is to insure disclosure of the financial transactions of a campaign. The Act does not insure that a fundraising event, or for that matter an entire campaign, is a profitable occurrence. A candidate committee may sell a \$200 watch, provided by a contributor, to a purchaser for \$25 at a fundraising event, so long as there is compliance with the Act's recording and reporting requirements.

Any money given at the fundraising event is a contribution to the committee sponsoring the event. This does not mean, however, that the name and address of the purchaser must be obtained by the committee. Although the Act prohibits anonymous contributions, section 41(3) (MCL 169.241(3)) provides that a contribution of \$20 or less received as the result of a fundraising event is not considered an anonymous contribution. Section 41(4) (MCL 169.241(4)) makes it the responsibility of the contributor to report his or her name, address, and total amount contributed, in the instance where aggregate contributions to the committee exceed \$20 in any calendar year. It should be noted however, that section 26(f) (MCL 169.226(f)) requires the recipient committee to report the total of these contributions. Reference is made also to section 41(1) (MCL 169.241(1)) which prohibits cash contributions over \$20. Finally, a garage sale fundraiser must be advertised as such, and contributors must be made aware of how much and to whom they are contributing.

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

Very truly yours,



Phillip T. Frangos, Director  
Office of Hearings & Legislation

PTF/jmp