



**Campaign Finance Guide for
Michigan Businesses, Nonprofits,
And Elected Officials**

Committee Formation & Compliance

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FAUSONE BOHN, LLP

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Providing Legal Help to Metro Detroit Communities since 1995

The Northville, Michigan law firm of Fausone Bohn, LLP takes care of the legal needs of businesses, municipalities, individuals, and families. If you need legal help with business/corporate issues or civil litigation, real estate and land use, government and public affairs, or probate and estate administration and more, our team of lawyers is here to help you.

We deliver innovative solutions tailored to our clients' individual needs, whether we are serving a family, Fortune 500 company, community, or a small

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What is a “Separate Segregated Fund” (SSF)?

The Michigan Campaign Finance Act allows corporations, for-profit and non-profit alike, to establish a “Separate Segregated Fund” (SSF). A SSF is a type of political action committee (PAC). SSFs are subject to expenditure limits, which vary depending on the office a candidate is running for, how many candidates the SSF supports, and how many individuals donate to the SSF. It is important to note that SSFs are not “Super PACs.” A SSF allows you to avoid having to spend money on lobbyists and thus losing control of the candidates in which your money goes to.

If the SSF meets certain requirements, it can make contributions in an amount ten times greater than an individual to candidates. For example, the contribution limit to a state representative candidate in Michigan is \$1,000. However, a SSF can donate up to \$10,000 if it meets certain criteria.

This e-book is meant as a primer to help you decide if a SSF is right for your organization and provide basic introductory information, but it is not meant to be an all-inclusive legal guide. If you currently have a committee and need compliance help, contact us today. Fines and penalties may result from non-compliance.

The Benefit of Forming a SSF

In Michigan, corporations may not use general treasury funds to directly support or oppose candidates. SSFs are the vehicle through which a business or nonprofit may advocate for their interests in an election. In today's political climate, it is difficult to obtain access to elected officials. Not everyone can, or wants to, spend money on lobbyists. A SSF allows a business or nonprofit to survey which candidates will advocate for their policy stances, and it can give them a chance to educate candidates on their issues.

In addition, when the SSF donates to a candidate, the donation is from the SSF, not any particular individual. Thus, a SSF might provide a small degree of anonymity. On the other hand, you could amplify your support for a candidate, as donating to your SSF does not prohibit you from also donating directly to any particular candidate with your personal funds.



Information Needed Before Forming a SSF

Once you decide to move forward with the formation of a SSF, you will need to provide several pieces of information to get the ball rolling. First, you will need reliable people within your organization to manage the receipt of checks and basic record keeping. They will be listed as the Treasurer and Designated Record Keeper on the “Statement of Organization” - the form provided by the Michigan Secretary of State, Bureau of Elections to establish a SSF.

The treasurer and designated record keeper may be yourself and your partner, or a combination of upper-level staff and an administrative staff member. Fausone Bohn, LLP, regularly assists clients in providing compliance and record keeping guidance.

Second, you will need to select a bank. But the bank account number is not needed to file the Statement of Organization. Once that paperwork is filed, you can apply for an EIN (Employee Identification Number) for the SSF, which will allow the SSF to open a bank account.



Statement of Organization

The Statement of Organization is the formation document for the SSF. It lists all the information for the committee, and its treasurer's and record keeper's contact information. You can view and download the form here: http://michigan.gov/documents/PACSofoWithEF_71513_7.pdf

Once you file the form, you will receive notice from the Michigan Secretary of State, Bureau of Elections, along with guidance documents for the SSF. It is important that you file an amended Statement of Organization if you experience any changes within your corporation that could affect the information on the original paperwork. For example, if the person serving as the treasurer or record keeper leaves your organization, a replacement will need to be appointed.

An amended form must be filed prior to the due date of the first campaign finance report after the change occurs. The treasurer must sign-off on the amended form, too.



Use of Corporate Funds & Contributions to the SSF

The SSF may use corporate funds to pay the costs of establishment, administration, and solicitation of contributions. For example, the SSF may use corporate funds to pay for items such as: office space, telephones and utilities, supplies, legal and accounting services, and other similar administrative items.

The SSF cannot use corporate treasury funds to give direct support to candidates or other political committees.

The SSF can receive contributions from the following sources:

- Officers or directors of the corporation
- Stockholders of the corporation
- Employees of the corporation who have policy-making, professional, supervisory, or administrative non-clerical responsibilities

* There is no limit that one individual may contribute to the SSF.

Filing Campaign Finance Reports

Most SSFs will file campaign finance reporting documents at the state level, as they support multiple candidates in different counties. If you only plan to support candidates within one county, you will register the SSF and file campaign finance statements at the county level.

There are four quarterly campaign statements due each year, regardless of whether the SSF is active or not. These campaign statements must be submitted electronically for any committee that receives or expends more than \$5,000 in a calendar year. Electronic filing can be done online through the MERTS (Michigan Electronic Reporting and Tracking System) software online at www.mertsplus.com. While an attorney at our firm would not be listed as the treasurer or record keeper, we assist in the preparation and review of these statements to ensure compliance standards and deadlines are met.

Quarterly reports are due each year on the following dates:

- **February Quarterly Report due 2/15 (covers 10/21 to 2/10)**
- **April Quarterly Report due 4/25 (covers 2/11 to 4/20)**
- **July Quarterly Report due 7/25 (covers 4/21 to 7/20)**
- **October Quarterly Report due 10/25 (covers 7/21 to 10/20)**

SSFs registered at the county level are also required to submit pre and post-election campaign finance reporting statements.

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