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SFA



BILL ANALYSIS

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Senate Bill 623 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Bill Bullard, Jr.
Committee: Government Operations

Date Completed: 9-15-98

RATIONALE

Some candidates for local office reportedly have raised campaign funds by selling items at public events. Persons who purchased the items, however, apparently were not informed that the proceeds would benefit a candidate's campaign committee. The Michigan Campaign Finance Act regulates campaign financing by restricting campaign contributions and expenditures and requiring the filing of campaign statements and reports. The Act, however, does not require that purchasers be informed that a campaign committee is raising money by selling a product. Some people feel that withholding this information from customers violates the spirit of the law, and that campaign committees should be required to disclose that proceeds will directly benefit a candidate or an issue.

CONTENT

The bill would amend the Michigan Campaign Finance Act to require a candidate committee, a ballot question committee, or any other committee that held or sponsored a fund-raising event, or was present at any other event at which political merchandise was sold to benefit the committee, to post at the event a sign indicating that a portion of the proceeds from the sale of political merchandise at the event would be used for political purposes. The bill specifies that it would not apply to activities regulated by the Bingo Act.

(The Act defines "committee" as a person who receives contributions or makes expenditures in order to influence or attempt to influence the action of the voters for or against the nomination or election of a candidate, or the qualification, passage, or defeat of a ballot question, if contributions received total at least \$500 in a calendar year or expenditures made total at least \$500 in a calendar year. An individual, other than a candidate, does not constitute a committee. A

person, other than a committee registered under the Act, making an expenditure to a ballot question committee is not considered a committee for the purposes of the Act unless the person solicits or receives contributions for the purpose of making an expenditure to that ballot question committee.)

Before political merchandise was sold at an event, a committee would have to post a sign or signs that were visible to any person approaching the sale area, before that person offered to purchase the political merchandise, and were large enough and had typeface large enough to be easily read by the general public from a distance of at least five feet from the sale area. The sign or signs also would have to contain all of the following:

- A statement that said: "A portion of the proceeds from the merchandise sold at this event will be used for political purposes."
- The name of the committee holding, sponsoring, or present at the event.
- The name of the candidate or ballot question supported or opposed by the committee.
- For a committee other than a candidate or ballot question committee, the portion of the proceeds from the sale of the political merchandise that would be allocated to each candidate committee and ballot question committee.
- A statement indicating that it is a violation of Michigan law to spend more than \$20 to purchase merchandise at the event, unless the name, address, and occupation, if applicable, of the purchaser is recorded as required by the Act.

The committee would have to ensure that the sign or signs posted pursuant to the bill remained posted during the entire time that political merchandise was offered for sale at the event.

The bill specifies that a candidate committee or

ballot question committee that held or sponsored a fund-raising event or was present at any other event where political merchandise was sold to benefit the committee would be subject to the bill's provisions. Any other committee that held or sponsored a fund-raising event or was present at any other event at which political merchandise was sold to benefit a candidate committee or ballot question committee would be subject to these provisions. These provisions would be in addition to all other provisions of the Act applicable to the committee, to the fund-raising event or other event, and to the sale of political merchandise.

(The Act defines "political merchandise" as "goods such as bumper stickers, pins, hats, beverages, literature, or other items sold by a person at a fund raiser or to the general public for publicity or for the purpose of raising funds to be used in supporting or opposing a candidate for nomination for or election to an elective office or in supporting or opposing the qualification, passage, or defeat of a ballot question".)

Proposed MCL 169.240

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Some members of the Detroit City Council reportedly have set up booths to sell beer at an annual community festival. Proceeds from the beer sales were used to fund the candidates' election campaigns. Beer purchasers, however, were not informed about the planned use of the proceeds. The fact that proceeds from the sale of merchandise would benefit an issue or candidate campaign committee should be posted so that persons making a purchase understand that they, in effect, are contributing to a campaign or ballot question committee. The disclosure of this information would ensure that persons could decide whether they wanted to contribute to the committee by purchasing the merchandise.

Response: Under the Act, a person is prohibited from spending more than \$20 to purchase merchandise at an event unless certain information about the purchaser is recorded. In addition, the Act prohibits a single contribution of more than \$20 in cash. Contributions over that amount must be made by written instrument, such as a check, that includes the name of the payer. Determining whether the \$20 threshold has been

met could be difficult when calculating the amount of a contribution that resulted from the purchase of an item from a campaign or ballot question committee. It is not clear whether the amount of the contribution to the committee would be equivalent to the price paid by the purchaser of the merchandise at a fund-raising event or would be the percentage of the profit that the committee received after paying taxes on the items in addition to paying the wholesaler and the event sponsor.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: B. Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.