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May 9, 2012

re: *Michigan Democratic Party*
Justice for All Fund

To Whom It May Concern:

I am General Counsel to the Michigan Democratic Party ("MDP"). I have been asked to provide information regarding the legal status of the MDP's Justice for All Fund.

The "Justice for All Fund" is an account maintained by Michigan Democratic State Central Committee, a Michigan political party committee, from which disbursements are made for expenses that are not regulated under federal or state campaign finance laws. The Justice for All Fund accepts donations from individuals and others for the purpose of educating the public about issues concerning Michigan's judicial system. The Justice for All Fund does not support or oppose candidates or ballot questions, and it does not make any expenditures or receive any contributions for those purposes. Because the Justice for All Fund is not a "political committee" for purposes of the Federal Election Campaign Act (FECA) or the Michigan Campaign Finance Act (MCFA), it is not subject to the reporting requirements applicable to committees under those laws. There is no limit on the amount that can be contributed to the Justice for All Fund. The Justice for All Fund can receive donations from any domestic source.

The Justice for All Fund's tax exempt status is governed by Section 527 of the Internal Revenue Code, 26 U.S.C. § 527. While Code Section 527(j) requires periodic disclosure of contributions received and expenditures made by a political organization subject to that Section, it is our opinion that the Justice for All Fund falls within the exception to the reporting requirement for a "State and local committee of a political party" set forth in subsection 527(j)(5)(B). Based on its usage elsewhere in the Code, the phrase "State or local committee of a political party" includes party-controlled organizations that engage in issue education activities, which are not regulated political committees under campaign finance law. *See, e.g.*, 26 U.S.C. § 276(b)(1)(B) and 26 CFR § 1.276-1(f)(3)(ii) (disallowing deduction for contributions to a "National, State, or local committee of a political party" including party-controlled entities or activities other than those directly engaged in express advocacy or the making of campaign contributions and expenditures); *see also*, Sections

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301(8) and (9) of the FECA, 2 U.S.C. §§ 431(8), (9)(defining "contribution" and "expenditure" in a manner indicating that the phrase, "State or local committee of a political party" includes an organization that is not a regulated committee or that is not engaged in federally-regulated campaign activity). Accordingly, the Justice for All Fund qualifies as a "State or local committee of a political party" exempted from the periodic reporting requirements under subsection 527(j)(5)(B) of the Internal Revenue Code.

For the above reasons, the Justice for All Fund is not required under federal or state campaign finance law, or under the Internal Revenue Code, to report the amounts or sources of contributions it receives from individuals or other entities.

Feel free to contact me with any questions you may have.

Yours truly,



Andrew Nickelhoff

cc: Mark Brewer, Chair