

El.Bd. Op. 78-13 (Reaffirmed 10/6/08)

Summary:

Corporate subsidies of candidate appearances: A corporation's provision of facilities, materials, services and beverages in connection with a candidate's political appearance before members of the corporation's separate segregated fund and "other interested persons" is an impermissible corporate contribution or disbursement, rather than a permissible cost of administering the fund. A corporation may characterize its expenses in subsidizing such candidate appearances as permissible costs of administering the fund if the audience for the appearances is limited to those directly involved in determining how the fund is used. §§11.38, 11.01 (5), 11.01 (6), Stats. (Issued to Quinn W. Martin, August 17, 1978)

This opinion was reviewed by the Government Accountability Board pursuant to 2007 Wisconsin Act 1 and was reaffirmed on October 6, 2008.

Opinion:

On behalf of the Allen-Bradley Corporation and the Allen-Bradley Employees' Political Action Committee, a separate segregated political fund sponsored by Allen-Bradley, you have requested a formal opinion of the Board on two questions.

1. In essence, your first question is whether a corporation's provision of facilities, materials, services, and refreshments for "information meetings" at which a candidate or officeholder speaks about his or her "candidacy or some topic of political interest" to an audience made up of members of the corporation's separate segregated fund and "other interested persons," is a permissible expense of "administering" the corporation's fund, or a prohibited corporate contribution or disbursement.

A corporation is prohibited from making political "contributions" or "disbursements" by §11.38 (1), Stats., although it is permitted to spend an unlimited amount to "establish and administer" a separate segregated fund for political purposes, and up to \$500 annually for solicitation of contributions to that fund. The proscription against corporate participation in campaign finance relative to candidates is broad, and exceptions to it should be narrowly construed. 65 Op. Atty. Gen. 10.

Provision of anything of value for a candidate's political purposes would fall into the broad definition of "contribution" or "disbursement" in chapter 11. §§11.01 (5) and 11.01 (6), Stats.

The candidate appearances contemplated here would apparently be directed primarily toward "political purposes," §11.01 (16), Stats.: You have described the subject of the appearances as the candidate's "candidacy" or a topic of "political interest." Therefore, it would be generally impermissible for a corporation to subsidize such appearances.¹

¹ See, generally, El. Bd. Ops. 76-1 and 77-8. Also, the Federal Elections Commission interpretation of similar statutory language in the Federal Election Campaign Act supports the conclusion reached here. 11 CFR 114.9 (d), AO 1975-94 and AO 1977-31.

The only way in which a corporation could properly characterize this endeavor as "administration" of its separate segregated fund, rather than a prohibited contribution or disbursement, is if the audience were limited to those directly involved in determining how the monies of the fund will be used. Those determinations are an intrinsic part of the administration of a political fund, and expenditures to facilitate their making are proper for the sponsoring corporation. (Note that this would not allow the corporation to subsidize a political appearance before the entire membership of its fund, unless the entire membership votes on the fund's contribution and expenditure policies. If those policy decisions are limited to a particular unit of the political action committee, the audience must be so limited.)

2. Your second question is, under those circumstances in which the items described above may properly be characterized as "administration" of the separate segregated fund, how should those items be valued?

The Board's authority to issue formal opinions is limited to questions about one's statutory responsibilities under the election or campaign finance laws. §5.05 (6), Stats. Because a corporation's expenditures for "administration" of its funds are unlimited, and because the statute does not require reporting of those expenditures, it appears that a corporation's recording (and valuation) of such expenditures is not a matter of statutory responsibility. Hence the Board declines to issue an opinion on this question.