

"Convention Bureau" assistance to political party conventions. Corporate participation in the funding of a city's "convention bureau" does not preclude a political party from accepting convention bureau assistance, so long as the corporation's participation in such funding is undertaken in the ordinary course of business and not for political purposes. Convention bureau assistance to a political party is not a "contribution," so long as such assistance is of substantially the same kind and degree as that provided for non-political conventions of similar scope. Non-corporate funding and municipal funding of a convention bureau which provides assistance to a political party convention do not constitute political "contributions," unless circumstances indicate that the funding is done for political purposes. (Issued to George Innes, October 13, 1977)

You have requested the Board's opinion on a city's "convention bureau" assistance to a political party convention. According to your request, most large cities have a convention bureau, the purpose of which is to attract convention business to the city. Pursuant to that purpose, such a bureau helps offset the cost of renting local convention sites incurred by groups wishing to conduct a convention. The bureau's funds used to accomplish that purpose go directly to the convention facility, rather than the group holding the convention. Convention bureaus are funded by "tax dollars, private donations, and subsidies from various businesses."

There are several questions raised by your request. Each will be considered in turn.

1. Does a corporation's participation in the funding of a convention bureau constitute a prohibited contribution to a political party whose convention is subsidized in part by the bureau?

Section 11.38 (1)(a)1., Stats., prohibits corporations from making political "contributions" or "disbursements." Those terms are defined generally as transfers of anything of value made for "political purposes." Ss. 11.05 (a) and 11.05 (6)(a), Stats.

The definition of "political purposes" in s. 11.01 (16), Stats., is very broad. However, corporate transactions with political entities for purely commercial purposes are generally recognized to fall outside the area of conduct proscribed by s. 11.38, Stats. Whether a corporation is acting for profit or for political purposes must be decided on a case-by-case basis. 65 Op. Atty. Gen. 10.

The Board is of the opinion that corporate participation in funding a convention bureau which subsidizes a political convention is permissible if such funding is done in the ordinary course of the corporation's business. Three factors are critical in determining whether that condition is met:

(a) If the corporation is organized for commercial purposes, there should be a reasonable expectation of identifiable commercial benefit commensurate with the magnitude of the corporation's outlay. Such benefit could take the form of the increased commerce which normally accompanies the arrival of a convention in a city, so long as the corporation could reasonably expect tangible and material benefit from that commerce. (Of course, if the corporation is not organized for commercial purposes, this factor may not be applicable and a determination of whether its funding of a convention bureau is in the ordinary course of business depends on application of the factors below.)

(b) The corporation should be a regular contributor to the convention bureau when the bureau is serving non-political conventions. The corporation should not become a funding source of the convention bureau solely for the purposes of subsidizing a political convention.

(c) The magnitude and pattern of the corporation's funding of the convention bureau at times proximate to a political party convention should be consistent with the corporation's funding of such bureau during other times. Any significant increase in the amount and frequency of the corporation's donations to the convention bureau proximate to periods when the bureau will be assisting a political convention would suggest that the corporation is attempting to make a political contribution.

2. Is convention bureau assistance to a political party a "contribution" by the bureau, which requires the bureau to register and report as a "political committee"? Ss. 11.01 (3), 11.05 (1), Stats.

The Board feels that, under the circumstances you have described, convention bureau subsidizing of a political party convention is undertaken in the ordinary course of the bureau's business and is directed toward non-political purposes. Hence it is not a contribution subjecting the bureau to registration and reporting requirements, so long as the assistance provided for a political convention is of substantially the same kind and degree as that provided for non-political conventions of similar size and duration.

3. Does convention bureau funding by non-corporate private donors constitute political contributions when the bureau subsidizes political conventions, so that such donors are subject to the campaign finance laws?

The Board is of the opinion that bureau funding from these sources falls within the area of campaign finance regulation only if circumstances surrounding the funding indicate that it is done for the primary purpose of subsidizing a political convention. Such circumstances would occur if one who was not a regular funding source of a convention bureau would become so at a time proximate to the bureau subsidizing of a political convention and would cease to be a source of funding after that time, or when a regular source of bureau funding significantly increases the amount or frequency of funding at such times.

4. Does municipal government funding of a convention bureau which subsidizes political conventions constitute a political contribution?

In general it appears that the participation of local governmental units in establishing and maintaining convention bureaus is motivated by interest in local commerce and development, rather than political purposes. Hence such funding is not subject to campaign finance regulations, unless circumstances indicate that it is done in order to make a contribution to a political party. Examples of such circumstances were heretofore described in connection with question #3.