

## NEWS RELEASE

FEDERAL ELECTION COMMISSION  
1325 K Street, N. W.  
Washington, D. C. 20463

RELEASE: ON RECEIPT WED. JULY 9, 1975

CONTACT: David Fiske  
Director of Press Relations  
382-4733

ELECTION COMMISSION RESTRICTS  
CORPORATE SERVICES FOR CONVENTIONS

WASHINGTON - JULY 9 - The Federal Election Commission today limited the kinds of reduced-rate or free services that can be offered to the Democratic and Republican Parties by prospective host cities for the Parties' national presidential nominating conventions this year.

In an "Advisory Opinion" requested by both parties, the Commission ruled that reduced-rate or free services by corporations are prohibited by the legal ban against corporate contributions. The Commission cited Section 610 of the Criminal Code which bars any corporation, labor organization or national bank from making "a contribution or expenditure. . . in connection with any political convention. . . held to select candidates for any political office."

The Commission ruled that services offered by "local and state governmental agencies or municipal corporations" would be permitted, since those entities are not prohibited from making political contributions by Section 610, "provided that such facilities were not leased from corporations. . . for less than their fair market value." These municipal services would not be counted against the \$2 million spending limit for national nominating conventions.

The Commission noted "two situations" where corporate activities would not be a violation of Section 610, and would be permitted, and also would not count against the statutory convention spending limit:

- (1) where reduced-rates or free services were provided by a corporation as part of "an overall purchase transaction, if such reduction and/or facilities are offered in the ordinary course of business by the corporation to non-political conventions of corresponding size and duration." The Commission cited as an example the practice of hotels providing free rooms and meeting places as part of a large advance booking of paid rooms.
- (2) a contribution by a local retail corporation to a local, non-profit civic association, business league, chamber of commerce, real estate board or board of trade, "which is encouraging "that commerce which is necessarily entailed in the arrival of any major convention in the city where such local corporations are located," and so long as the contribution is made "in the reasonable expectation of a commensurate commercial return during the life of the convention."