
2008 GAB 08
CAMPAIGN FINANCE

The Government Accountability Board advises:

- 1) A limited liability company may not give office space to a candidate's legislative campaign committee, even if the candidate is a principal, or the sole, owner of the company.
- 2) A candidate's legislative campaign committee may rent office space from a company owned by the candidate at a fair market value.

Facts

¶1 You are a candidate for the Legislature. You are using a farmhouse as your campaign office. You and your brother inherited the house from your mother. You recently purchased your brother's share and transferred ownership of the property to an LLC, of which you are the general partner and your two children the limited partners.

Questions

¶2 You ask whether the LLC is required to charge a rental fee to your campaign committee for use of the farmhouse.

Discussion

¶3 Section 11.38, Wisconsin Statutes, provides that no corporation may make a contribution for any purpose other than to promote or defeat a referendum. A corporation includes a limited liability company. §11.01 (6L), Wisconsin Statutes. A "contribution" includes anything of merchantable value given for the purpose of influencing a candidate's election to state office. Providing office space to a campaign is something of merchantable value – office space is a commodity for which, on the open market, one would normally pay. A limited liability company, such as your LLC, is prohibited from giving office space to your campaign. The statute makes no distinction for a corporation's providing items and services to a candidate because the candidate is a principal, or even sole, owner of the corporation. Your campaign, may rent the farmhouse from the company, but should do so at fair market value.

Advice

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