



A Timeline: How Corporations and Labor Unions Came to Bankroll Our Nominating Conventions

JULY 14, 2016



ISSUES: **CAMPAIGN FINANCE**



In the mid-20th century, our government began to recognize the harm that could come from corporations buying access and favor with political parties through our nation's nominating conventions. By 1974, Congress enacted a system for public funding of the presidential elections, which included full public funding for the conventions in return for the political parties agreeing not to use private funds. This public funding system was first successfully used in the 1976 election.

But after a few short years, the Federal Election Commission began to chip away at those laws, at the request of the political parties, corporations and labor unions. What started as a trickle has now turned into a flood of private money bankrolling our nominating conventions.

To understand how this happened, read CLC's new report, [Funding the Presidential Nominating Conventions: How a Trickle of Private Money Turned Into a Flood.](#)

Here's a quick look at how the law has evolved through the years.

1907: President Theodore Roosevelt signs the Tillman Act, the first federal law prohibiting corporate contributions to federal candidates.

1947: Section 313 of the Taft-Hartley Act expressly provides that it is unlawful for a corporation or labor organization to contribute to a primary election or political convention or caucus.

1957: The U.S. Supreme Court decision in *United States v. Auto Workers* acknowledges that prohibiting corporations and labor groups from contributing to political conventions is aimed at protecting the "integrity of our electoral process."

1971: The Federal Election Campaign Act (FECA) creates a basic system for the public funding of presidential candidates and conventions.

1974: Congress amends FECA to strengthen the public funding law, including establishing a means for the public financing of presidential nominating conventions, and imposing limitations on political expenditures and contributions and increasing reporting requirements. In addition, congress creates the Federal Election Commission (FEC) to administer and enforce the law.

1976: The U.S. Supreme Court, in *Buckley v. Valeo*, upholds the constitutionality of presidential public funding, including public funding of conventions.

1979: FEC begins to create exceptions to the ban prohibiting corporation and labor spending on nominating conventions:

Permits municipalities to contract with the convention committee to pay for expenses such as upgrading the arena or convention center through municipal funds

Permits host committees, or a non-profit local organization or board, to raise funds from local retail businesses.

- 1980:** The FEC says that local businesses can provide free samples and promotional items for convention attendees
- 1982:** A majority of FEC commissioners decide there is no requirement that municipalities pay for services provided by the city through its tax revenues, authorizing municipalities to raise private and corporate dollars to help prepare the city's convention center and provide security.
- 1988:** The FEC allows General Motors to get around the "local business" requirements by selling the cars to local dealers so it can loan the vehicles to both party's conventions.
- 2002:** Congress enacts the Bipartisan Campaign Reform Act of 2002, which, in part, was meant to prohibit national party committees from soliciting, or accepting or using soft money, which is comprised of contributions not raised under the federal contribution limits and prohibitions and was not supposed to support federal candidates.
- 2003:** FEC conducts rulemaking to implement BCRA, and repeals the locality requirement, declaring that "businesses, labor organizations and other organizations, and individuals" no longer have to have local connections in order to bankroll the convention.
- April 2014:** President Obama signs into law legislation that eliminates the public funding of presidential nominating conventions altogether, allowing the political parties to officially use the money they raise from individuals and PACs to fund conventions.
- October 2014:** The FEC, by a 4-2 vote, grants a request by the Democratic and Republican National Party Committees that they be allowed to establish a new account, subject to its own contribution limits, to raise funds for the nominating convention.
- December 2014:** Congress passes the Cromnibus, a massive spending bill, with a provision allowing a donor to contribute up to half a million dollars to a party's convention over the four years between conventions.

2016: This year both parties expect to raise at least \$60 million each for their “host committees,” largely from corporate sources. In fact, corporate funding of the conventions has become so routine that the news this election cycle is that some corporations are withholding their support this election. A corporation *not* financially supporting political conventions is apparently a case of “man bites dog.”

You might also like...



Florida Congresswoman Misused Campaign Funds to Pay for Disney Trip and Luxury Hotels

BY **BRENDAN FISCHER**

OCTOBER 31, 2019

The Bipartisan Senate Intelligence Committee Rightly Recognizes the Need for Online Political Ad Transparency

BY **KATE BOCK & ERIN CHLOPAK**

OCTOBER 28, 2019

CLC Calls for Investigation of Trump Super PAC America First Action for Illegally Coordinating Spending

OCTOBER 25, 2019

About CLC

[Staff](#)

[Board & Advisors](#)

[Careers](#)

Support Our Work

[Institutional Donors](#)

[Financials](#)

Toolkits and Resources

[Campaign Finance](#)

[Ethics](#)

[Redistricting](#)

[Voting Rights](#)



[Contact CLC](#)

[The Latest](#)

[Media Center](#)

© Campaign Legal Center 2019

[Privacy Policy](#)