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FEDERAL ELECTION COMMISSION

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FEC RULES ON CONTRIBUTIONS
BY GOVERNMENT CONTRACTORS (202)

WASHINGTON- NOVEMBER 20 - Individual partners in both general and limited partnerships holding Federal contracts may make contributions to Federal elections, provided the donations are made "out of personal funds on a personal check (or other written instrument)...in his or her own name", the Federal Election Commission ruled today.

In Advisory Opinion 1975-31, requested by the Shapp for President Committee, the FEC said that the law's ban on political contributions by government contractors would not apply to contributions of an individual partner acting in a personal capacity. The Commission said "Clearly a partner may undertake independent actions since it is well settled that a partner may traffic outside of the scope of the firm's business, for his own benefit and advantage."

The Commission noted, however, that a sole proprietor of an unincorporated business holding a Federal contract would be prohibited by the law from making political contributions to Federal elections since "the business roles and personal roles of (a sole proprietor) are virtually indistinguishable." The proprietor therefore is considered personally to be a government contractor for contribution purposes.

Spouses of sole proprietors and partners holding Federal contracts, however, are exempt from such restrictions. In addition, officers, stockholders, employees of corporations holding government contracts, and their spouses, and employees of sole proprietorships and partnerships with government contracts, and their spouses, are not prohibited from making political contributions.

In answer to a separate question asked by the Shapp for President Committee, the FEC stated that a wife in a single income family can make a contribution to a candidate, even if her husband has already contributed his \$1,000 limit to the same candidate. The Commission noted that the term "person" in the law's provisions for contribution limits refers specifically to "an individual", and that "under (the law) a wife is an individual who is entitled to make contributions in her name in the same manner and under the same limitations as her husband.