



Repeal Prior Approval Requirements for Trade Association PACs with Corporate Members

Issue Background:

Trade associations with corporate, rather than individual, members are treated as second-class donors under current campaign finance law. Current rules require prior approval in writing before a voluntary contribution can be solicited from even a single shareholder or executive officer of a member corporation. The only purpose this requirement has served is to constrain the rights of trade associations to participate equally in campaign finance and stifle their effectiveness.

Key Points:

- *PACs Are Generally Considered a Valuable Tool By Members of Their Association.* Trade association members freely contribute to their PACs, make reasonable donations to candidates, are politically active in their home districts, and display definite bipartisanship in their contribution practices.
- *Prior Approval Restricts First Amendment Rights.* The prior approval requirement restricts a PAC's ability to communicate to trade association members about the PAC, how it operates, its activities, and how members of the association can contribute and participate in the PAC.
- *Only Trade Association PACs Are Unfairly Burdened with this Requirement.* While other organizations are able to solicit freely for contributions, trade association PACs are unfairly restricted from doing so in the same manner.
- *The Prior Approval Requirement is Burdensome, Costly, and Complicated.* Many members of trade associations nationwide are politically active. It is their experience that the current prior authorization rules are confusing and unnecessary. PACs are already highly regulated and extraordinarily accountable organizations that are already required to provide full disclosure about their fundraising activities throughout all aspects of the fundraising process.

NECA Position:

NECA recommends repealing the prior approval requirement entirely. At a minimum, current law should be amended allowing corporate members of trade associations to give prior approval to more than one association per year.