



Repeal the Prior Approval Requirements for Trade Association Political Action Committees

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 to 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.* Members of trade associations have a Constitutional right to join together in support of, or in opposition to, candidates for political office. 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.* No other class of political action committee, including corporate, labor union and individual membership association PACs, is subject to the prior approval 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. Furthermore, many companies are members of multiple corporate trade associations. When presented with the stipulation that prior approval can only be granted to one PAC in a calendar year, companies do not understand why they are limited. PACs are highly regulated and extraordinarily accountable organizations already required to provide full disclosure about their fundraising activities throughout all aspects of the fundraising process.

NECA Asks:

- Congress should amend the *Federal Elections Campaign Act* to strike the requirement that trade association PACs must obtain prior approval from corporate member companies before soliciting their executive or administrative staff.