NECAPAC Prior Approval

Thank you for giving National Electrical Contractors Association prior approval to solicit your executive and administrative employees for contributions to the National Electrical Contractors Association Political Action Committee (NECAPAC).

NECAPAC would like to institute a payroll deduction program for members of your restricted class. The Federal Election Commission allows your company to participate in such a program on behalf of NECAPAC.

In order to do so, however, NECA must ask for your permission to solicit your company’s eligible employees via payroll deduction to be implemented and administered by your company. This permission is in addition to your company’s prior authorization to solicit your eligible employees.

We hope you will participate in this important program.

Join NECAPAC and Support the Electrical Construction Industry!
Email your signed form to necapac@necanet.org or fax your form to 301-215-4500. For more information, contact NECA Government Affairs at 301-215-4503.
Final Rule on Payroll Deductions for Trade Association SSFs (Separate Segregated Funds) PACs (Political Action Committees)

On July 14, 2005, the Federal Election Commission voted to revise its rules to allow corporate members of a trade association to provide incidental services, including the use of a payroll deduction or check-off system, to collect and forward voluntary employee contributions to the trade association’s SSF.

The rules require any member corporation that provides such incidental services, and the corporation’s subsidiaries, divisions, branches and affiliates, to make the same services available to a labor organization representing employees of the corporation or the corporation’s subsidiaries, divisions, branches or affiliates, at cost, upon written request of the labor organization.

Background

Under the Federal Election Campaign Act (the Act), a trade association may solicit contributions to its SSF from a corporate member’s stockholders and executive and administrative personnel and their families (the restricted class) so long as the corporation approves the solicitation ahead of time and does not approve a solicitation by any other trade association for the same calendar year (52 U.S.C. § 30118 (b)(4)(D); 11 CFR 114.8(c)).

Once these conditions are met, the regulations do not limit the methods that a trade association may use to solicit and facilitate the making of voluntary contributions to its SSF. Before this rulemaking, however, the regulations did limit the methods that a consenting member corporation could use to collect and forward contributions to a trade association’s SSF. Specifically, 11 CFR 114.8(e)(3) stated that a “member corporation may not use a payroll deduction or check-off system for executive or administrative personnel contributing to the separate segregated fund of the trade association.” In 2003, the Commission received a rulemaking petition from America’s Community Bankers and its SSF, the America’s Community Bankers Community Campaign Committee, asking the Commission to change its rules to allow a corporate member of a trade association to make payroll deductions and check off systems available to the corporation’s restricted class employees for their voluntary contributions to the trade association’s SSF.
The Commission issued a Notice of Availability for the petition, and received 30 comments, all of which supported the proposed change. In December 2004, the Commission published a Notice of Proposed Rulemaking (NPRM) that set forth draft rules on the subject. See the February 2005 Record, page 2. The Commission held a public hearing on the proposed rules on May 17, 2005.

Final Rules

After considering public comments and testimony, the Commission issued final rules.

The final rules:

- Remove the prohibition on corporate use of a payroll deduction or check-off system for contributions by executive and administrative class employees to the SSF of a trade association of which the corporation is a member (11 CFR 114.8(e)(3));
- Authorize a member corporation to provide incidental services to collect and transmit voluntary contributions from its solicitable class employees to a trade association's SSF, including a payroll deduction or check-off system, upon written request of the trade association (11 CFR 114.8(e)(4));
- Require any corporation that provides these incidental services, and its subsidiaries, divisions, branches and affiliates, to make the same services available upon written request to a labor organization representing members who work for the corporation or its subsidiaries, divisions, branches or affiliates, for contributions to the labor organization's SSF, at a cost not to exceed any actual expenses incurred (11 CFR 114.8(e)(4)); and
- Clarify that the provision of incidental services pursuant to 11 CFR 114.8(e)(4) is not a prohibited form of corporate facilitation (11 CFR 114.2(f)(5)). In making these changes to the rules, the Commission focused on the special relationship that exists between a trade association and its member corporations. The Commission also recognized that recent advisory opinions had given corporate members of trade associations some latitude in collecting and forwarding contributions to their trade associations' SSFs, other than through a payroll deduction or check-off system, and that technological and societal changes support a change in the treatment of payroll deductions when used by member corporations.

The final rule was published in the July 21, 2005, Federal Register (70 FR 41939) and is available on the FEC web site at http://www.fec.gov/law/law_rulemakings.shtml and from the FEC faxline, 202/501-3413.

Definition of who may be solicited for the PAC:

(a) Stockholders, and

(b) Executive or administrative personnel means individuals employed by a corporation or labor organization who are paid on a salary rather than hourly basis and who have policymaking, managerial, professional, or supervisory responsibilities.

(1) This definition includes –

(i) The individuals who run the corporation’s business such as officers, other executives, and plant, division, and section managers; and
(ii) Individuals following the recognized professions, such as lawyers and engineers.
(2) Executive or administrative personnel does not include –

(i) Professionals who are represented by a labor organization;
(ii) Salaried foremen and other salaried lower level supervisors having direct supervision over hourly employees;
(iii) Former or retired personnel who are not stockholders; or
(iv) Individuals who may be paid by the corporation or labor organization, such as consultants, but who are not employees, within the meaning of 26 CFR 31.3401(c)-1, of the corporation or labor organization for the purpose of income withholding tax on employee wages under Internal Revenue Code of 1954, section 3402.

(c) Individuals on commission may be considered executive or administrative personnel if they have policymaking, managerial, professional, or supervisory responsibility and if the individuals are employees, within the meaning of 26 CFR 31.3401(c)-1 of the corporation for the purpose of income withholding tax on employee wages under the Internal Revenue Code of 1954, section 3402.
SAMPLE INTERNAL MEMO TO IMPLEMENT PAYROLL DEDUCTION

<YOUR COMPANY LETTERHEAD HERE>

To: CFO or Finance Department Head HR Director
From: President/CEO
Date: 
Re: Payroll Deduction for the National Electrical Contractors Association Political Action Committee (NECAPAC)

I am pleased to announce that we will be implementing employee payroll deduction as a means to solicit and collect political action committee contributions from eligible employees for NECAPAC. This effort is meant to enhance fundraising receipts in a partnership between the National Electrical Contractors Association (NECA) and our company to efficiently raise PAC funds to build a better Congress. I am confident that this will be a success among our eligible employees many of whom are already contributing to NECAPAC by writing personal checks. Last year alone, NECA contractors and employees gave a total of $1.9 million to the PAC.

Please review and act upon the attached materials that will allow us to collect funds from eligible employees for NECAPAC. We shall be responsible for the collection of and timely transmittal (within ten days) of PAC funds collected from employee payroll deduction. For our purposes, the “restricted class employees” (eligible employees) includes executive and administrative personnel of the corporation the following positions:

(a) Stockholders, and

(b) Executive or administrative personnel means individuals employed by a corporation or labor organization who are paid on a salary rather than hourly basis and who have policymaking, managerial, professional, or supervisory responsibilities.

(1) This definition includes –

(i) The individuals who run the corporation’s business such as officers, other executives, and plant, division, and section managers; and

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(iv) Individuals who may be paid by the corporation or labor organization, such as consultants, but who are not employees, within the meaning of 26 CFR 31.3401(c)-1, of the corporation or labor organization for the purpose of income withholding tax on employee wages under Internal Revenue Code of 1954, section 3402.
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I have submitted authorization to NECAPAC to permit solicitation of our restricted class employees to contribute on a voluntary basis. It is my goal to launch this effort internally through a letter to all eligible staff and payroll announcement on or before ____________ [Date].

For questions, information and assistance with this effort, please do not hesitate to contact NECA at (301) 215-4503 or necapac@necanet.org. Thank you for your attention to this important matter.
SAMPLE SOLICITATION LETTER

<YOUR LETTERHEAD HERE>

<Date>

Dear <Salutation>:

NECA continues to be the leading voice in Washington for the electrical construction industry. Our Government Affairs staff members are dedicated to advancing our interests and they work hard every day. It is important for each of us to be involved with NECA in an effort that has major consequences for us all. This is why I contribute to NECAPAC, to make sure candidates who understand the issues affecting my company have my support.

NECA has maintained a robust, demanding schedule, vigorously advocating for our key legislative and regulatory priorities. NECA was highly engaged in numerous advocacy efforts during the 115th Congress, and achieved success in the following areas:

- Worked to secure passage of two major bills supporting airport and water infrastructure investment.
- Spearheaded the drafting, introduction, and enactment of change order legislation that will address the length of time it takes the federal government to review, approve, and pay for equitable changes.
- Championed legislation that would allow 529 savings plans to offset costs associated with attending an apprenticeship.
- Cultivated the largest Congressional voting-block in favor of Davis-Bacon and Project Labor Agreements in recent history.

Although there was a significant change in control of the House of Representatives this past election, 86 percent of NECA-supported candidates will serve in the 116th Congress. We have a lot more work to do and will focus on getting our message out on several key areas, including:

- A large-scale infrastructure investment plan;
- Approval of the use of innovative Composite Plans to modernize the multiemployer pension system;
- Full repeal of the 40 Percent “Cadillac Tax” on health care benefits;
- Enactment of sensible incentives and reforms to foster apprenticeships;
- Ensuring Independent Contractors are not misclassified as employees; and,
- Lowering Federal retainage rates and establishing a Statute of Repose for Federal construction projects.

Today, I am writing specifically to ask you to contribute to NECAPAC - NECA’s Political Action Committee. With the 2020 Presidential election cycle upon us, NECAPAC must be prepared to invest in
the highly competitive races this cycle. **It is our responsibility to help ensure that we have construction/contractor-friendly Senators and Representatives who are willing to address our industry’s issues.** Our NECAPAC strategy is simple: support candidates who have realistic goals and will get legislation passed to help our industry.

NECA utilizes personal dollars contributed to NECAPAC to support the best candidates to represent the electrical construction industry in the House and Senate.

Supporting NECAPAC isn’t just about any one company. It is about our families, our lifestyles, and our freedom to do things the way we know is best for us.

I look forward to counting on you as a 2019 NECAPAC contributor. Your commitment to NECA helps provide the support we need to face the challenges ahead – together.

Enclosed is a sign-up form for payroll deduction and contribution card with suggested giving levels. No matter the amount, your contribution counts.

Your support is greatly appreciated and needed! Thank you in advance for your help with our efforts to support and protect our industry’s future.

Sincerely,

<First> <Last>
<Title>
<Company>
# RECOMMENDED GIVING LEVELS

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*Pay periods annually per check

Contributions are not deductible for Federal income tax purposes. Contributions to NECAPAC are voluntary and are used for political purposes. You may refuse to contribute without reprisal. Federal law requires NECAPAC to request and report the name, address, occupation and employer for each person whose contributions exceed two hundred dollars ($200.00) or more in a calendar year.
SAMPLE Payroll Deduction Authorization LETTER

<YOUR LETTERHEAD HERE>

I understand the need for NECAPAC to be in a strong position to help candidates who are responsive to the electrical contracting industry’s goals and viewpoints. Enclosed is my NECAPAC contribution of:

Fill in the amount you wish to give per pay period:

$___________ X ____________ (Number of Pay Periods) = $ ____________ (Annually)

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I hereby authorize ______________ [MY COMPANY] to deduct the amount shown above from my paycheck and remit to the National Electrical Contractors Association Political Action Committee (NECAPAC). I further understand that I may cancel my payroll deduction at any time by notifying, in writing, ______________ [Accounting/HR Department].

Signature_______________________________________ Date ____________________

I am a U.S. Citizen or Permanent Resident

NAME_________________________________________________
ADDRESS________________________________________________________________
CITY_____________________ STATE______________ZIP_____________________

Thank you for choosing to support NECAPAC. Please return your completed form to _____________ [Accounting/HR Department].

Contributions are not deductible for Federal income tax purposes. Contributions to NECAPAC are voluntary and are used for political purposes. You may refuse to contribute without reprisal. Federal law requires NECAPAC to request and report the name, address, occupation and employer for each person whose contributions exceed two hundred dollars ($200.00) or more in a calendar year.
SAMPLE TRANSMITTAL LETTER

<YOUR LETTERHEAD HERE>

<Date>

NECA Accounting Department
3 Bethesda Metro Center
Suite 1100
Bethesda, MD 20814

Dear NECAPAC Representative:

Enclosed, please find a check for NECAPAC contributions collected on behalf of and sent to NECAPAC from the [NECA MEMBER COMPANY] in the amount of $______ [Amount] made payable to “NECAPAC.” These funds represent individual employee contributions collected via payroll deduction.

To the best of our knowledge and ability we have determined that all monies being transferred to NECAPAC have been collected from individuals who are within our company’s “Restricted Class.”

Attached hereto are the names, addresses, amounts, date of contributions, occupation and employer of each contributor to NECAPAC.

Sincerely,

[Name]
[Title]
[NECA MEMBER COMPANY]
COMPANY ADMINISTRATIVE INFORMATION

1. Who may be solicited for PAC contributions within the company?

NECAPAC and a member corporation collecting funds for the PAC may not solicit contributions from anyone other than the member corporation's stockholders and its executive or administrative personnel and their respective families. The Federal Election Commission calls this group of people (stockholders, executive or administrative personnel) the “restricted class.” Employees who are neither stockholders nor executive or administrative personnel are not in the restricted class. This includes, among others, hourly employees and consultants.

2. How do you involve employees in the PAC?

- Determine your “restricted class”
- Set your fundraising goal by working with NECAPAC to determine your goal
- Determine if you will implement payroll deduction
- Create your solicitation materials by using NECAPAC toolkit
- Define solicitation methods from the toolkit to achieve your goal
- Establish time frames for a fundraising campaign
- Assign responsibility for collection of forms, pledge cards, etc...
- Educate your employees about NECAPAC or ask a NECA representative to make a presentation
- Solicit employees
- Keep contributor files

3. How many times per year should you solicit employees?

All eligible employees should be solicited for PAC contributions at least twice per year. We recommend one solicitation for PAC funds in the spring and one in the fall and as an “onboarding” tool to introduce NECAPAC only for new, eligible employees.

4. Setting the company's fundraising goal.

There are different options on setting a company goal. NECA staff can help you determine a goal appropriate for your company size. Please contact NECA at (301) 215-4503 or necapac@necanet.org to further assist.

5. Who can contribute?

Executive, managerial or administrative personnel of the corporation may contribute to NECAPAC. These are individuals like corporate officers, executives, project managers, estimators, etc., who are paid on a salary rather than an hourly basis and have policymaking, managerial, professional or supervisory responsibilities. It also includes recognized professionals
such as lawyers and engineers. In the case of corporate directors, they may only be solicited if they are stockholders or receive a regular salary or fee from the corporation. Any person, including employees, who are stockholders, may be solicited even if they are not executive or administrative personnel. Professionals represented by labor unions, salaried lower-level supervisors, hourly employees, former or retired personnel or consultants not subject to withholding taxes, are not considered executive or administrative personnel.

If they are salaried individuals (as opposed to hourly workers or persons who work on commissions) and have managerial or executive responsibilities, they are solicitable assuming the employing company has provided prior approval. One indicator of whether they qualify is to ask whether they are exempt under the Fair Labor Standards Act. The FEC has explained that exemption under the Fair Labor Standards Act can be used as a guideline, but is not conclusive, when determining whether employees are solicitable (however, exempt employees who belong to a union or only supervise hourly workers are not solicitable).

6. Contribution limits to the PAC

An individual may contribution $5,000 to NECAPAC per calendar year.

7. Contribution notices required

One suggested method of giving the appropriate notice is to provide each employee solicited a piece of PAC material such as a flier or brochure that contains the necessary information. In the case of “payroll deduction” solicitations, the information must be plainly printed on the statement. (A clearly identified and visible footnote is sufficient). The following is a notice that might be used on a statement or solicitation card.

Contributions are not deductible for Federal income tax purposes. Contributions to NECAPAC are voluntary and are used for political purposes. The amount indicated is merely a guideline and you may contribute more or less than the suggested amount. The Association will not favor or disadvantage anyone by reason of the amount of their contribution, or their decision not to contribute. You may refuse to contribute without reprisal. Federal law requires NECAPAC to request and report the name, address, occupation and employer for each person whose contributions exceed two hundred dollars ($200.00) or more in a calendar year.

8. Restrictions on contributions

Illegal contributions may not be accepted by NECAPAC. PAC officers and agents are prohibited from knowingly accepting any contribution that is barred by the Federal election laws. Illegal contributions include:

- Contributions in excess of the contribution limits (see above)
- Contributions from corporations, from national banks or federal government contractors
• Contributions from non-citizens of the United States who have not been admitted for permanent residence;
• Contributions made in the name of another person
• Cash contributions exceeding $100 per contributor per year
• Contributions from individuals who belong to a labor union.

9. Manner of solicitation

• Members of the restricted class may be solicited as often as the company desires.
• The contribution must be voluntary. It is unlawful to obtain contributions by use or threat of physical force, job discrimination, or financial reprisal. While PAC contributions cannot be a condition of employment or membership in an association, a superior may solicit a subordinate in appropriate circumstances such as a group setting or by a letter to all restricted class members. One-on-One solicitations by a superior of a subordinate are discouraged.
• At the time of solicitation, an employee must be informed of the political purpose of the PAC and of his or her right to refuse to contribute without fear of reprisal.
• A PAC or corporation is allowed to suggest contribution amounts to employees as long as it makes clear these are: (a) only guidelines; (b) they will not be enforced; and (c) that the individual can contribute in whatever amount he or she desires without reprisal.
• Payroll deduction can be used to collect contributions from the restricted class. A written authorization must be obtained from the employee before making the deduction.
• Contributions by personal credit card may be solicited and accepted by a PAC.

10. Types of solicitation

• Oral – in a speech, a meeting, by phone, but you must include proper notices.
• Mail – a pre-addressed, stamped return envelope may be included
• Internet – If the website has an area only accessible by the restricted class
• Events – coffees, dinners, auctions, etc.

A company publication CANNOT include a solicitation to the PAC if it is sent to employees outside the restricted class.

11. Contributor Recordkeeping

For each contribution, records must identify the following:

• Amount
• Date of receipt
• Donor’s name and address
• Donor’s occupation and employer
• NECA Chapter Name
For each employee who chooses to cancel payroll deduction, reports from the company’s accounting department to the organization PAC should also indicate this.

When reporting information about contributors, the PAC’s agent is deemed to have exercised their “best efforts” if each PAC solicitation contained a clear request for the information above and if they made at least one additional attempt (by phone or mail) to obtain the information after the contribution was received.

12. Payroll Deduction Record Keeping

Individual employees in the restricted class who wish to contribute using payroll deductions are required to provide NECAPAC with a written authorization to the payroll department to deduct the designated amount from the employee’s payroll. This Payroll Deduction Authorization Form must be signed and transmitted to NECAPAC so that the PAC keeps it on file for the duration of payroll deduction for each individual employee participating.

13. Transferring Contributions to the Organization

Contributions must be transferred and then deposited by NECAPAC within ten (10) days of being deducted. It is recommended that the company transmit all contributions collected through payroll deduction to the organization within 10 days of each pay period. Along with the contribution, the company shall transmit a letter indicating that these funds are being transferred from the corporation and represent individual employee contributions collected via payroll deduction. In addition, a record of each contribution (see Section 12) shall be transmitted to the organization’s PAC. To satisfy this requirement, contributor records may be transmitted as a simple flat file via written or electronic means.