

PRIOR APPROVAL

Repeal the Prior Approval Requirement Imposed on Corporate-Member Trade Association Political Action Committees (PACs)

Action Needed:

Co-sponsor H.R. 2101, the Prior Approval Reform Act, introduced by Representative Mark Amodei. This legislation would repeal the prior approval requirement unfairly imposed upon corporate-member trade association PACs.

The House of Representatives passed an amendment to the Financial Services and General Government (FSGG) appropriations bill defunding enforcement of prior approval for Fiscal Year 2017. Similar language must be preserved in the Fiscal Year 2018 FSGG bill.

Background:

- The 1976 amendments to the Federal Election Campaign Act established a requirement that corporate-member trade association PACs obtain written approval from member corporations before talking in depth about the PAC and/or soliciting their executive staff. Furthermore, the regulation states that a corporation may approve solicitations by only one trade association per calendar year.

AGC Message:

- **Requiring Trade Associations to Seek Prior Approval Is Discriminatory.** Trade association PACs are heavily regulated by the Federal Election Commission (FEC). There is no “dark” undisclosed money. There are no “mega-donors,” because \$5,000 is the maximum amount an individual can contribute in a calendar year. Yet, no other class of PAC – including corporate, labor union, and individual membership association – is subject to the prior approval requirement.
- **The First Amendment Rights of AGC Member Company Employees Are Restricted.** Members of AGC have a constitutional right to join in support of or in opposition to candidates for political office. Requiring prior approval discourages our members from participating in the association’s PAC, and creates an unequal playing field that limits our members’ First Amendment rights to free speech.
- **The Requirement Creates Unnecessary Confusion for Thousands of AGC Member Companies.** Individuals who are eligible to contribute to a trade association PAC are confused as to why their company must first grant permission for them to be solicited. Most often, AGC representatives have to repeatedly explain the arduous process.
 - Companies that are members of multiple corporate trade associations are confused as to why they cannot allow their employees to be solicited by these groups. Per the regulation, prior approval can only be granted to one PAC in a calendar year. As a result, many are apprehensive to choose one PAC over another, and simply choose not to participate at all.
 - Company employees may participate in different trade associations, so they may not know who has granted authorization to which trade association in a given year.