

PRIOR APPROVAL

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

Action Needed:

Amend the Federal Election Campaign Act of 1971 to strike the requirement that trade association PACs must obtain prior approval from corporate member companies before soliciting their executive or administrative staff.

This unnecessary, out of date, and confusing requirement should be eliminated.

Background:

- The Federal Election Campaign Act of 1971 requires that corporate member trade association PACs obtain separate and specific written approval from member corporations before talking in depth about the PAC and/or soliciting their executive and/or administrative staff (or in very rare instances, shareholders). 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 Inequitable.** 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 PACs – 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 together in support of or in opposition to candidates for political office. The prior approval requirement discourages our members from participating in the association’s PAC, and creates an unequal playing field that constrains 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.
 - Multiple individuals from the same company may participate in different trade associations, so they may not know who has granted authorization to which trade association in a given year.