

FEC Proposes Payroll Deduction for Trade Association PACs

January 2005

At its open meeting on December 16, 2004, the Federal Election Commission (FEC) approved a Notice of Proposed Rulemaking (NPRM) pertaining to the use of payroll deduction systems by a member corporation to collect contributions to a trade association's federal PAC. The NPRM proposed a change in the FEC's current rules.

Under current law, a corporate member of a trade association (or the trade association itself) may solicit the corporation's restricted class (*i. e.*, its executive or administrative personnel, stockholders and their families) for contributions to the trade association's federal PAC if the corporation has provided prior approval to the trade association. However, current FEC regulations prohibit a member corporation from employing a payroll deduction or another type of check-off system for purposes of collecting contributions for the trade association PAC.

The change proposed by the NPRM would eliminate this restriction and allow corporations to use payroll deduction to collect contributions to a trade association's PAC from the corporation's restricted class. Finally, the proposed regulations include a requirement that a corporation utilizing payroll deduction for a trade association PAC make the payroll deduction system available at cost upon written request to any labor union representing any members working for the corporation.

The Commission, in the NPRM, mandates that comments to this rulemaking be filed by January 21, 2005. Interested parties may also request to testify at any open hearing on the proposed rule changes.

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