

FEC Approves Trade Association Payroll Deduction Rule

September 2005

At its open meeting on July 14, 2005, the Federal Election Commission (FEC) approved by a vote of 5-1 (with Commissioner Weintraub dissenting) the final rulemaking with respect to payroll deduction for trade associations. Under the new rule, a corporation that is a member of a trade association and that has given the trade association prior approval for solicitations for the trade association's federal political action committee (PAC) may use, upon written request of the trade association, payroll deduction to collect trade association PAC contributions from the corporation's administrative and executive personnel and employee stockholders. This use of payroll deduction is not considered to be an impermissible "facilitation" of contributions, and the corporation may pay the expenses for the use of the payroll deduction system.

The one change to the proposed rules that was approved at this meeting mandates that, if a corporation uses payroll deduction to collect contributions for a trade association's PAC, then the corporation, and any of the corporation's "subsidiaries, branches, divisions, and affiliates," must make payroll deduction available, upon written request and at cost, to any labor union representing employees at the corporation or its subsidiaries, branches, divisions or affiliates. This labor union "equal access" to payroll deduction is somewhat broader than what was first proposed.

View the new rule, which became effective on August 22, 2005, and the FEC's explanation and justification.

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