

PARC Prior Approval Reform Coalition

March 7, 2018

The Honorable Tom Graves
Chairman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Shelley Moore Capito
Chairwoman
Subcommittee on Financial Services
and General Government
Committee on Appropriations
U.S. Senate
Washington, D.C. 20510

RE: Defund the Federal Election Commission's "Prior Approval" Requirement for Trade Association PACs for Fiscal Year 2018

Dear Chairman Graves and Chairwoman Capito:

The Prior Approval Reform Coalition (PARC) and the **116** undersigned associations urge Congress to preserve the language (Sec. 630) in the House Financial Services and General Government appropriations bill that defunds Federal Election Commission (FEC) enforcement of the "prior approval" requirement for trade association political action committees (PACs) using Fiscal Year 2018 funds. The FSGG bill was one of eight spending bills in H.R. 3354, which passed the House this past September and is the basis for an omnibus bill currently being negotiated to start when the continuing resolution expires on March 23.

Sec. 630 of the FSGG bill is sponsored by Representative Mark Amodei, who also introduced the Prior Approval Reform Act, H.R. 2101, to repeal the prior approval requirement for corporate member trade association PACs. In summary, this requirement discriminates against these associations by making their PACs the only political committees that must first obtain exclusive permission from member corporations before soliciting eligible employees for support.

The prior approval requirement is an anachronism that serves no substantive purpose, and only functions to drain association resources and limit their effectiveness. Originating out of the 1976 amendments to the Federal Election Campaign Act after an overreaction to the Federal Election Commission's (FEC) "SUNPAC" decision (allowing corporations to establish PACs), prior approval was based on concerns that corporate political programs would attempt to gain more influence via association PACs. In fact, this scenario never materialized, but trade association PACs remain burdened with this unfair requirement.

The Act requires that trade association PACs obtain separate and specific approval in writing from member corporations before speaking in depth about their activities and/or soliciting a personal contribution from the executive or administrative staff. Furthermore, the Act states that a corporate member may approve solicitations by only one trade association per year. This unnecessary requirement should be eliminated because:

- **Requiring trade associations to obtain prior approval is discriminatory.** No other class of political action committee or political entity, including corporate, labor union, and individual membership association PAC, is subject to the prior approval requirement. It is unfair to burden

trade association PACs, which are entirely transparent, accountable to the FEC, and file a monthly or quarterly report listing their receipts and disbursements, with this requirement.

- **The prior approval requirement restricts First Amendment rights.** The employees of member corporations have a constitutional right to join in support of or in opposition to candidates for political office. The prior approval requirement discourages individuals from participating in their association's PAC because of frustration that their company must first grant permission before they can learn more or be asked to make a personal contribution. Further complicating the problem is the fact that many companies are members of multiple corporate trade associations and can only grant prior approval to one association PAC in a calendar year. It makes no sense that these company employees can be solicited by individual member PACs and outside groups, but not by the trade association in which they participate unless their company grants its permission.
- **Ensuring compliance with the prior approval requirement is burdensome, extremely time-consuming, and costly.** Association staff spend countless hours communicating the need for prior approval to their association's membership. Should company representatives be unfamiliar with the requirement, even more time must be dedicated to educating those individuals on its background, purpose, and application. For staff at larger associations with thousands of member companies, this becomes unduly taxing.
- **The documentation and retention requirement for prior approval is a recordkeeping nightmare for associations.** This process is made more complex when permission is granted for multiple years. Plus, the FEC requires these forms be maintained for three years.

The prior approval requirement has proven to be a remedy in search of a problem, and it simply makes no sense that corporate member trade association PACs must adhere to this antiquated practice for no meaningful purpose. Therefore, we respectfully request that you do everything possible to keep Sec. 630 of the House FSGG bill, to defund FEC enforcement of the prior approval requirement for the remainder of FY18, in the omnibus bill to fund the government when the CR expires on March 23.

Sincerely,

The Prior Approval Reform Coalition (PARC)
and the following trade associations:

Aeronautical Repair Station Association (ARSA)
Agricultural Retailers Association (ARA)
Air Conditioning Contractors of America (ACCA)
Aluminum Association
Ambulatory Surgery Center Association (ASCA)
American Bakers Association (ABA)
American Beverage Association (ABA)
American Bus Association (ABA)
American Chemistry Council (ACC)
American Coatings Association (ACA)
American Composites Manufacturers Association (ACMA)
American Concrete Pavement Association (ACPA)
American Concrete Pipe Association (ACPA)
American Council of Engineering Companies (ACEC)
American Gaming Association (AGA)
American Hospital Association (AHA)

American Hotel & Lodging Association (AHLA)
American Lighting Association (ALA)
American Moving & Storage Association (AMSA)
American Petroleum Institute (API)
American Public Power Association (APPA)
American Rental Association (ARA)
American Road & Transportation Builders Association (ARTBA)
American Seniors Housing Association (ASHA)
American Society of Association Executives (ASAE)
American Society of Travel Agents (ASTA)
American Supply Association (ASA)
American Traffic Safety Services Association (ATSSA)
American Trucking Associations (ATA)
Argentum
Associated Builders and Contractors (ABC)
Associated Equipment Distributors (AED)
Associated General Contractors (AGC)
Association of Air Medical Services (AAMS)
Association of Home Appliance Manufacturers (AHAM)
Auto Care Association
CAWA – Representing the Automotive Parts Industry
Community Associations Institute (CAI)
Competitive Carriers Association (CCA)
Concrete Reinforcing Steel Institute (CRSI)
Consumer Bankers Association (CBA)
Consumer Healthcare Products Association (CHPA)
Consumer Specialty Products Association (CSPA)
Consumer Technology Association (CTA)
Council for Responsible Nutrition (CRN)
Council of Insurance Agents & Brokers (CIAB)
CTIA
Edison Electric Institute (EEI)
Electronic Retailing Association (ERA)
Energy Equipment and Infrastructure Alliance (EEIA)
Entertainment Software Association (ESA)
Financial Services Institute (FSI)
Food Marketing Institute (FMI)
Heating, Air-conditioning, Refrigeration Distributors International (HARDI)
Independent Electrical Contractors (IEC)
Institute of Makers of Explosives (IME)
Institute of Scrap Recycling Industries (ISRI)
International Association of Amusement Parks and Attractions (IAAPA)
International Foodservice Distributors Association (IFDA)
Investment Program Association (IPA)
IPC – Association Connecting Electronics Industries
Irrigation Association
Mason Contractors Association of America (MCAA)
Metals Service Center Institute (MSCI)
National Apartment Association (NAA)
National Asphalt Pavement Association (NAPA)
National Association of Convenience Stores (NACS)

National Association of Chain Drug Stores (NACDS)
National Association of Chemical Distributors (NACD)
National Association of Electrical Distributors (NAED)
National Association of Manufacturers (NAM)
National Association of Mutual Insurance Companies (NAMIC)
National Association of Surety Bond Producers (NASBP)
National Association of Theatre Owners (NATO)
National Association of Wholesaler-Distributors (NAW)
National Automatic Merchandising Association (NAMA)
National Automobile Dealers Association (NADA)
National Club Association (NCA)
National Confectioners Association (NCA)
National Electrical Contractors Association (NECA)
National Electrical Manufacturers Association (NEMA)
National Grocers Association (NGA)
National Lumber and Building Material Dealers Association (NLBMDA)
National Marine Manufacturers Association (NMMA)
National Multifamily Housing Council (NMHC)
National Pest Management Association (NPMA)
National Propane Gas Association (NPGA)
National Ready Mixed Concrete Association (NRMCA)
National Restaurant Association (NRA)
National Retail Federation (NRF)
National Roofing Contractors Association (NRCA)
National School Transportation Association (NSTA)
National Shooting Sports Foundation (NSSF)
National Stone, Sand and Gravel Association (NSSGA)
National Terrazzo and Mosaic Association (NTMA)
National Utility Contractors Association (NUCA)
National Waste & Recycling Association (NWRA)
NTCA – The Rural Broadband Association
Nuclear Energy Institute (NEI)
Online Lenders Alliance (OLA)
Plastics Industry Association (PLASTICS)
Plumbing-Heating-Cooling Contractors – National Association (PHCC)
Retail Industry Leaders Association (RILA)
Security Industry Association (SIA)
Sheet Metal and Air Conditioning Contractors' National Association (SMACNA)
Society of American Florists (SAF)
Society of Chemical Manufacturers and Affiliates (SOCMA)
Stucco Manufacturers Association (SMA)
The ESOP Association
The Fertilizer Institute (TFI)
Truck Renting and Leasing Association (TRALA)
United Fresh Produce Association
United Motorcoach Association (UMA)
United States Tour Operators Association (USTOA)
U.S. Travel Association
Western Energy Alliance