

PARC Prior Approval Reform Coalition

June 8, 2016

The Honorable Harold Rogers
Chairman
House Appropriations Committee
H-305 Capitol
Washington, DC 20515

The Honorable Nita Lowey
Ranking Member
House Appropriations Committee
1016 Longworth Building
Washington, DC 20515

Dear Chairman Rogers and Ranking Member Lowey:

The Prior Approval Reform Coalition (PARC) and the undersigned associations urge Committee approval of an amendment that will be offered by Representative Mark Amodei during markup of the FY17 Financial Services bill. The amendment will repeal the Federal Election Commission's (FEC) "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 companies before soliciting eligible company employees for support.

The FEC's prior approval process is an anachronism that serves no substantive purpose and only functions to drain association resources and limit their effectiveness. It originated in the 1976 amendments to the Federal Election Campaign Act after an overreaction to the FEC's "SUNPAC" decision (allowing corporations to form PACs), based on concerns that corporate political programs would attempt to gain more dominance 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 must obtain separate and specific approval in writing from member corporations before soliciting their executive or administrative staff (or in very rare instances, shareholders). Furthermore, the requirement 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 seek prior approval is inequitable and restricts First Amendment rights.** No other class of political action committee, including corporate, labor union and individual membership association PACs, is subject to the prior approval requirement. Members of trade associations have a Constitutional right to join together in support of or in opposition to candidates for political office. The prior approval requirement discourages members from participating in their association's PAC and creates an unequal playing field for trade association PACs that constrains their members' First Amendment rights to free speech.
- **Ensuring compliance with the prior approval requirement is burdensome, extremely time-consuming and costly.** A PAC manager spends countless hours communicating the need for prior approval to his or her 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.

- **Confusion at the corporate member company level is a consequence of the prior approval requirement.** First, individuals eligible to contribute are confused as to why their company must first give permission for them to be solicited. Most often, PAC managers have to repeatedly explain the arduous process. Second, many companies are members of multiple corporate trade associations. When presented with the stipulation that prior approval can only be granted to one PAC in a calendar year, companies do not understand why they are limited. As a result, many are apprehensive to choose one PAC over another and simply choose not to participate at all. And, to further complicate matters, the contact designated to grant prior approval may not be the best contact insofar as understanding a PAC or the importance of advocacy activities.
- **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 trade association PACs must adhere to this antiquated practice for no meaningful purpose. Therefore, we respectfully request that the Appropriations Committee approve the Amodעי amendment to strike this requirement when it comes before the Committee.

Sincerely,

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

Air Conditioning Contractors of America (ACCA)
American Beverage Association (ABA)
American Bus Association (ABA)
American Coatings Association (ACA)
American Composites Manufacturers Association (ACMA)
American Council of Engineering Companies (ACEC)
American Hotel & Lodging Association (AHLA)
American Moving & Storage Association (AMSA)
American Public Power Association (APPA)
American Rental Association (ARA)
American Road & Transportation Builders Association (ARTBA)
American Society of Association Executives (ASAE)
American Supply Association (ASA)
American Trucking Associations (ATA)
Associated Builders and Contractors (ABC)
Associated General Contractors (AGC)
Auto Care Association
Competitive Carriers Association (CCA)
Consumer Healthcare Products Association (CHPA)
Council of Insurance Agents & Brokers (CIAB)
CTIA
Edison Electric Institute (EEI)
Food Marketing Institute (FMI)
Independent Electrical Contractors (IEC)
Institute of Scrap Recycling Industries (ISRI)
International Foodservice Distributors Association (IFDA)
Metals Service Center Institute (MSCI)

National Association of Convenience Stores (NACS)
National Association of Mutual Insurance Companies (NAMIC)
National Association of Surety Bond Producers (NASBP)
National Association of Wholesaler-Distributors (NAW)
National Automatic Merchandising Association (NAMA)
National Electrical Contractors Association (NECA)
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 Ready Mixed Concrete Association (NRMCA)
National Restaurant Association (NRA)
National Retail Federation (NRF)
National Roofing Contractors Association (NRCA)
National Stone, Sand and Gravel Association (NSSGA)
National Utility Contractors Association (NUCA)
NTCA – The Rural Broadband Association
Nuclear Energy Institute (NEI)
Retail Industry Leaders Association (RILA)
Sheet Metal and Air Conditioning Contractors' National Association (SMACNA)
Society of American Florists (SAF)
Society of Chemical Manufacturers and Affiliates (SOCMA)
The Fertilizer Institute (TFI)
U.S. Travel Association

CC: House Appropriations Committee Members