



Uniting the Teleservices Industry for Political Activism

New Payroll Deduction Rule – The Basics

On July 14, 2005, the Federal Election Commission (FEC) revised previous rules regarding trade association PACs and their corporate members. The rules were published in the Federal Register on July 21st, and became official on August 22nd; they do not require the approval of an additional governing body, i.e., the U.S. Congress.

According to an official with the FEC, they do not expect a court challenge to these final rulings given their non-controversial nature, nor do they predict any additional rulings in 2006 pertaining to this issue. The revised rules stipulate that:

- Corporate members of a trade association are allowed to provide the use of payroll reduction or employee check-off to collect and forward voluntary contributions to a trade association's PAC.
- Contributions made via payroll deduction or check-off system trigger special recordkeeping obligations for the trade association's PAC. Each employee contributor must authorize the deduction in writing. As mentioned above, the PAC must maintain this authorization for audit for three years for investigative purposes
- Any member corporation, as well as subsidiaries and affiliates, that provides such services to a trade association must also provide payroll deduction and employee check-off to a labor organization that represents employees of that corporate member. Unlike trade association PACs, labor unions are required to reimburse the corporation for the administrative cost to set up payroll deduction or employee check-off.

The revised rules now allow payroll deduction for trade associations. This new rule greatly enhances fundraising abilities for ATA-PAC.

Companies are able to use payroll deduction as a means of collecting ATA-PAC contributions from their employees.

Companies still need to grant ATA-PAC prior approval (permission agreement) in order to participate in this solicitation project.

ATA-PAC must formally request in writing that companies participate in the program and maintain a copy of that request on file.

The company may pay the cost of the payroll deduction program, but are not required to report any of the costs.

The payroll deduction option may be tied into other types of fundraising activities such as Matching Gift or Capitol Club programs.

If a labor union exists in your company representing any employees of the company or its subsidiaries or affiliates, a payroll deduction program must be made available (at cost and upon request) if the company uses the payroll deduction program for contributions to the ATA-PAC.