PACs:
The Importance of Corporate Political Involvement
What is a PAC?

PACs: The Importance of Corporate Political Involvement

Like-minded individuals

Connected by issues, beliefs or employment

Combine resources to support candidates who support the company's interests and issues
Why Have PACs?

• Corporations are prohibited from directly contributing to federal candidates – but they may operate a PAC.

• A PAC is strictly regulated by the FEC and only allows for voluntary, individual contributions under stringent guidelines for participation.

• A PAC is a legal, transparent and federally monitored means of expressing united interests with one powerful voice.

• A PAC is *power in numbers*. 
Why PACs?

PACs and supporting candidates are the only things a company cannot do for itself and for which it relies on its employees for support.
Why Have PACs?

- Increase audience’s understanding of political process
- Connect donors with candidates to educate them on issues, org
- Provide election/political information to further good government
- Build relationships with candidates
- Advance organizational/government affairs priorities

Benefit of PACs
Where Does the PAC Fit?

Lobbying team monitors top legislative priorities & opportunities and informs grassroots and PAC teams of issue champions in Congress.

Post-election, stakeholders provide input on legislative priorities to help develop legislative agenda.

Lawmakers and agencies are lobbied on organization’s legislative priorities & educated on impact of legislation.

The PAC supports the re-election of legislators.

Grassroots team educates membership on priority issues; asks for action alert, grassroots response.

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PACs in 2019

91% of the 2018 Fortune 100 companies have a PAC

Approx. 1,850 companies in the United States operate a PAC

PACs contributed $497 million to federal candidates in 2018
Super PACs and Corporate PACs

Super PACs are:

- Individual and corporate money spent on independent expenditures (uncoordinated ads and communications)
- Super PAC money is not contributed directly to candidates

FACT

The only entities that can give to candidates are individuals and PACs connected to organizations.
Distinguishing Between corporate PACs and super PACs

### FEC Reporting Requirements

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<thead>
<tr>
<th>Corporate and Association PACs</th>
<th>Super PACs</th>
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<tbody>
<tr>
<td>Report to the FEC (not the IRS, like 527s)</td>
<td>Register with the FEC as a non-connected political committee</td>
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<tr>
<td>Required to report all receipts and expenditures</td>
<td>Largely the result of <em>Citizens United</em></td>
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<tr>
<td>Register with the FEC as a connected PAC</td>
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<tr>
<td>Not affected by <em>Citizens United</em></td>
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### Use of Corporate Funds

| General treasury funds from connected organizations (corporations or associations) may be used only to pay fees associated with PAC administration | Can raise money from corporations, associations, unions and individuals |
| Corporations and associations **cannot** contribute directly to the PAC |  |
## Distinguishing Between corporate PACs and super PACs

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<thead>
<tr>
<th>FUNDRAISING AND DISBURSEMENT LIMITS</th>
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<td><strong>Corporate and Association PACs</strong></td>
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<td>Strict limits — Can accept a maximum of only $5,000 per year from <strong>eligible</strong> individuals</td>
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<td>Disbursement limits — Can contribute up to $5,000 per federal candidate committee per election</td>
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<th>EXPENDITURE RULES</th>
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<td><strong>Corporate and Association PACs</strong></td>
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<td>Funds can be given directly to federal candidate committees</td>
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<td>Allowed to communicate and coordinate with candidates and other recipients</td>
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The Truth About PACs

**Facts About PACs**

- PACs are an offensive measure in government affairs efforts
- PACs are a tool to build relationships with candidates, just like other traditional advocacy efforts
- PACs get more Americans engaged in the political process, the original small dollar donors
- PACs enable your company to be a visible player

**PAC Myths**

- PACs buy elections/votes: Every PAC has the same $5,000 contribution limit
- PACs are dirty: PACs are not only legal, but highly regulated, they are the “original campaign finance reform”
- PACs are a slush fund: PACs go through a well-defined, carefully reviewed budgeting process to allocate funds
Benefits of the PAC:

Individual

- Access to political process
- Information source
- Gifts/recognition
- Special events
- Political involvement & information
- PAC charitable match
Benefits of the PAC:

Company

- Proactive measure
- Supplement government relations efforts
- Strengthen political relationships
- Be a visible player
- Vehicle for good government