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FEDERAL ELECTION COMMISSION
Washington, DC 20463

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December 9, 2004

MEMORANDUM

AGENDA ITEM

For Meeting of: 12-16-04

TO: The Commission

THROUGH: James A. Pehrkon *JAP*
Staff Director

FROM: James A. Kahl *JK*
Deputy General Counsel

Rosemary C. Smith *RCS*
Associate General Counsel *WJBCD*

Brad C. Deutsch *BCD*
Assistant General Counsel

Amy L. Rothstein *ALR*
Attorney

SUBJECT: Draft Notice of Proposed Rulemaking on Payroll Deductions by Member Corporations for Contributions to a Trade Association's Separate Segregated Fund

Attached is a draft Notice of Proposed Rulemaking ("NPRM") regarding contributions to the separate segregated fund of a trade association by employee-stockholders and executive and administrative personnel of corporations that are members of the trade association.

Recommendation:

The Office of the General Counsel recommends that the Commission approve the attached NPRM for publication in the *Federal Register*.

Attachment

1 **FEDERAL ELECTION COMMISSION**

2 **11 CFR Part 114**

3 **[Notice 2004 - >]**

4 **Payroll Deductions by Member Corporations for Contributions**
5 **to a Trade Association's Separate Segregated Fund**

6 **AGENCY:** Federal Election Commission.

7 **ACTION:** Notice of Proposed Rulemaking.

8 **SUMMARY:** The Federal Election Commission requests comments on
9 proposed amendments to its rules regarding contributions to
10 the separate segregated fund ("SSF") of a trade association
11 by employee-stockholders and executive and administrative
12 personnel (collectively, "restricted class employees") of
13 corporations that are members of the trade association.
14 Currently, the Commission's regulations prohibit any
15 corporate member of a trade association from using a
16 payroll deduction or check-off system for employee
17 contributions to the trade association's SSF. The
18 Commission proposes to amend its regulations to permit a
19 corporate member of a trade association to provide
20 incidental services to collect and forward contributions from
21 its restricted class employees to the SSF of the trade
22 association, including a payroll deduction or check-off
23 system, upon written request of the trade association. In

1 addition, the proposed regulations would require any
2 corporate member of a trade association that provides
3 incidental services for contributions to the trade
4 association's SSF also to provide the same services for
5 contributions to the SSF of any labor organization that
6 represents employees of the corporation, upon written
7 request of the labor organization and at a cost not to exceed
8 actual expenses incurred. The Commission has not made
9 any final decisions on the amendments proposed in this
10 Notice and requests comments on them. Further
11 information appears below.

12 **DATES:**

Comments must be received on or before [INSERT DATE
13 30 DAYS AFTER DATE OF PUBLICATION IN THE
14 FEDERAL REGISTER]. If the Commission receives
15 sufficient requests to testify, it may hold a hearing on these
16 proposed rules. Commenters wishing to testify at the
17 hearing must so indicate in their written or electronic
18 comments.

19 **ADDRESSES:**

All comments should be addressed to Mr. Brad C. Deutsch,
20 Assistant General Counsel, and must be submitted in either
21 electronic or written form. Commenters are strongly
22 encouraged to submit comments electronically to ensure
23 timely receipt and consideration. Electronic mail comments

1 should be sent to paydeduct@fec.gov and may also be
2 submitted through the Federal eRegulations Portal at
3 www.regulations.gov. All electronic comments must
4 include the full name, electronic mail address, and postal
5 service address of the commenter. Electronic comments that
6 do not contain the full name, electronic mail address, and
7 postal service address of the commenter will not be
8 considered. If the electronic comments include an
9 attachment, the attachment must be in the Adobe Acrobat
10 (.pdf) or Microsoft Word (.doc) format. Faxed comments
11 should be sent to (202) 219-3923, with printed copy follow-
12 up. Written comments and printed copies of faxed
13 comments should be sent to the Federal Election
14 Commission, 999 E Street, N.W., Washington, D.C. 20463.
15 The Commission will post public comments on its Web site.
16 If the Commission decides that a hearing is necessary, the
17 hearing will be held in the Commission's ninth floor
18 meeting room, 999 E Street N.W., Washington, D.C.

19 **FOR FURTHER**
20 **INFORMATION**
21 **CONTACT:**

Mr. Brad C. Deutsch, Assistant General Counsel, or Ms.
22 Amy L. Rothstein, Attorney, 999 E Street N.W.,
23 Washington, D.C. 20463, (202) 694-1650 or (800) 424-
24 9530.

1 **SUPPLEMENTARY**
2 **INFORMATION:**

3 With this notice, the Commission is publishing and seeking comments on a
4 proposed amendment to its regulations regarding corporate use of payroll
5 deduction or check-off systems¹ to collect and forward voluntary employee
6 contributions to the SSF of a trade association of which the corporation is a
7 member. The Commission’s regulations currently prohibit member corporations
8 from making payroll deduction or check-off systems available for employee
9 contributions to a trade association’s SSF. See 11 CFR 114.8(e)(3).

10 The Commission is publishing this proposed rule in response to a petition
11 for rulemaking. See Notice of Availability, 68 Fed. Register 60,887 (October 24,
12 2003). The Commission emphasizes, however, that it has not made any final
13 decision on whether to amend the existing rules on this subject, and invites
14 comments on the proposed rulemaking.

15 The Commission proposes to amend 11 CFR 114.8(e)(3) to remove the
16 current prohibition on corporate use of a payroll deduction or check-off system for
17 employee contributions to the SSF of a trade association of which the corporation
18 is a member. The proposed rule would add a new paragraph 114.8(e)(4), which
19 would specifically authorize a member corporation to provide incidental services
20 to collect and forward contributions from its restricted class employees to a trade
21 association’s SSF, including a payroll deduction or check-off system, upon written
22 request of the trade association. Further, the proposed rule would require any

¹ The term “check-off system” as used here means a method by which an employee affirmatively designates a portion of his or her salary to be collected through payroll deductions and contributed to a trade association’s SSF, by checking that designation on a pre-printed form or card.

1 corporation that provides these incidental services also to make the same services
2 available to a labor organization representing members who work for the
3 corporation, upon written request by the labor organization and at a cost not to
4 exceed any actual expenses incurred. Finally, the proposed rule would make a
5 conforming change to 11 CFR 114.2(f), to clarify that the provision of incidental
6 services pursuant to proposed 11 CFR 114.8(e)(4) is not a prohibited corporate
7 facilitation.

8 **LEGAL CONTEXT**

9 The Federal Election Campaign Act of 1971, as amended (the “Act”), and
10 the Commission’s regulations permit any trade association to solicit contributions
11 to the trade association’s SSF from the stockholders and executive and
12 administrative personnel, and their families, of the trade association’s member
13 corporations, if the member corporation involved has separately and specifically
14 approved the solicitation and has not approved a solicitation by any other trade
15 association for the same calendar year. See 2 U.S.C. 441b(b)(4)(D); 11 CFR
16 114.8(c). Once these conditions are met, “[t]here is no limitation on the method of
17 soliciting voluntary contributions or the method of facilitating the making of
18 voluntary contributions which a trade association may use.” 11 CFR 114.8(e)(3).

19 Although the regulations do not limit the methods that a trade association
20 may use to solicit and facilitate the making of voluntary contributions to its SSF
21 from the restricted class employees of consenting member corporations, the
22 regulations do limit the methods that a consenting member corporation may use to
23 collect and distribute those contributions. Specifically, a “member corporation

1 may not use a payroll deduction or check-off system for executive or
2 administrative personnel contributing to the separate segregated fund of the trade
3 association.” Id. The Commission has interpreted this prohibition to extend to all
4 employees of the corporation that may be solicited by the trade association (i.e.,
5 restricted class employees), including the member corporation’s employee-
6 stockholders. See Advisory Opinion 1989-3.

7 In recent years, the Commission has given corporations some latitude in
8 collecting and transmitting contributions to a trade association’s SSF, so long as
9 the collection did not involve employee payroll deductions. For instance, in
10 Advisory Opinion 2003-22, the Commission interpreted the regulations to permit a
11 corporate member of a trade association to collect voluntary contributions in the
12 form of paper checks from its executive and administrative personnel, and to
13 transmit the contributions to the trade association’s SSF. In that opinion, the
14 Commission also interpreted the regulations to permit corporate executives who
15 were collecting employee contribution checks to use the member corporation’s
16 inter-office mail system to help collect the checks, and to provide envelopes and
17 postage in which contributors could send their contributions to the trade
18 association’s SSF.

19 Moreover, the Commission has permitted member corporations to deduct
20 contributions electronically to a trade association’s SSF, so long as the member
21 corporations did not deduct the contributions from employee payrolls. See
22 Advisory Opinions 2000-4 and 1998-19. In addition, the Commission has
23 permitted a trade association to pay for electronically deducting monthly

1 contributions to its SSF from the personal checking accounts of restricted class
2 employees of consenting member corporations. See Advisory Opinion 1999-35.
3 The Commission also has permitted State leagues of a federation of trade
4 associations and the leagues' local corporate members to serve as collecting agents
5 for contributions to the federation's SSF, and to pay expenses incurred in
6 connection with that activity. See Advisory Opinion 1998-19; compare to
7 Advisory Opinion 2000-4.

8 **THE PETITION FOR RULEMAKING**

9 On September 3, 2003, the Commission received a Petition for Rulemaking
10 (the "Petition") from America's Community Bankers and its SSF, the America's
11 Community Bankers Community Campaign Committee (collectively,
12 "Petitioners"). Petitioners asked the Commission to amend the regulations to
13 permit, rather than to prohibit, a member corporation to use a payroll deduction or
14 check-off system for contributions by its restricted class employees to a trade
15 association's SSF.

16 Petitioners advanced four arguments in support of their request. First,
17 Petitioners asserted that the Act does not require the exclusion of payroll deduction
18 and check-off systems from permissible methods of collecting and forwarding
19 contributions to a trade association's SSF. Second, Petitioners asserted that the
20 prohibition on payroll deduction and check-off systems is inconsistent with
21 Commission advisory opinions and other Commission regulations. Third,
22 Petitioners asserted that the concerns that prompted the prohibition in the first
23 place, as discussed at a June 29, 1976 Commission meeting, (1) resulted from a

1 misunderstanding on the part of some of the commissioners at the meeting, (2) are
2 inconsistent with later Commission actions, and (3) could have been addressed by
3 means other than the prohibition.² Finally, Petitioners asserted that factual and
4 legal changes that have occurred since the prohibition was promulgated in 1976
5 warrant a change in the regulations.

6 In accordance with its usual procedures, the Commission published a notice
7 stating that the Petition was available for public review and comment. See Notice
8 of Availability, 68 Fed. Register 60,887 (October 24, 2003). The comment period
9 closed on November 24, 2003. The Commission received 30 comments in
10 response to the Notice of Availability: 22 from trade associations, six from
11 corporate members of one of the trade associations that submitted comments, one
12 from a professional association, and one from a Member of Congress. The
13 comments submitted by the six corporations were substantially identical both to
14 each other and to comments submitted by the trade association to which the
15 corporations belonged.

16 **SUMMARY OF COMMENTS ON THE PETITION FOR RULEMAKING**

17 All of the comments received by the Commission supported the Petition for
18 Rulemaking. The commenters' arguments in favor of the Petition fell into three
19 categories: legal, policy and practical.

20 **1. Legal Arguments**

21 Almost all of the commenters addressed the question of whether the Act

² Petitioners identified several concerns as having prompted the prohibition, including a concern that labor unions be given equal access to fundraising methods used by corporations, and a concern that corporate facilitation of contributions to a trade association's SSF would be prohibited by the Act. These issues are addressed further in the text of this Notice.

1 prohibits member corporations from using payroll deduction and check-off
2 systems to collect voluntary contributions to a trade association's SSF from
3 restricted class employees. All of the commenters that addressed the question
4 concluded that the Act does not prohibit the use of payroll deduction and check-off
5 systems.

6 Moreover, several commenters asserted that eliminating the prohibition
7 would be consistent with the Act's broad grant of authority to trade associations to
8 solicit contributions to their SSFs from the restricted class of consenting member
9 corporations, as set out in 2 U.S.C. 441b(b)(4)(D). Several commenters also
10 asserted that eliminating the regulatory prohibition would be consistent with the
11 Act's exclusion of corporate, trade association and labor union payments for
12 establishing, administering and soliciting contributions to an SSF from the
13 definition of "contribution or expenditure," as set out in 2 U.S.C. 441b(b)(2)(C).

14 With respect to the regulation itself, a few commenters perceived an
15 inconsistency between the first sentence of 11 CFR 114.8(e)(3), which permits a
16 trade association to use any method to solicit and facilitate the making of voluntary
17 contributions from restricted class employees of consenting member corporations,
18 and the second sentence of 11 CFR 114.8(e)(3), which contains the prohibition on
19 member corporations' use of payroll deduction and check-off systems at issue
20 here. The commenters opined that only the first sentence is consistent with the
21 Act.

22 Several commenters indicated that the Commission's own advisory
23 opinions support eliminating the prohibition. Specifically, the commenters argued

1 that the prohibition is inconsistent with (1) Advisory Opinion 2003-22, which
2 permits a member company to collect and forward employee contributions in the
3 form of checks to a trade association's SSF; (2) Advisory Opinions 1995-28, 1995-
4 17, 1989-18 and 1980-89, which allow a member corporation to contribute to a
5 trade association to help defray the costs of establishing, administering and
6 soliciting for the trade association's SSF; and (3) Advisory Opinions 1999-35,
7 1998-19, 1997-9 and 1986-7, which permit contributions to a trade association's
8 SSF or a membership association's SSF to be automatically debited from
9 contributors' accounts.

10 **2. Policy Arguments**

11 Several commenters perceived a lack of a policy rationale for the
12 prohibition on corporate use of payroll deductions to collect voluntary employee
13 contributions to a trade association's SSF. They argued that the lack of an
14 underlying policy purpose was demonstrated by the Commission's issuance of
15 advisory opinions permitting other methods of collecting contributions to a trade
16 association's SSF.

17 In addition, a number of commenters asserted that any underlying policy
18 rationale for the prohibition has been rendered obsolete by the growth in the use of
19 electronic methods for making and receiving payments since 1976, including by
20 federal government agencies such as the Internal Revenue Service and the Social
21 Security Administration. The commenters noted the decreasing role of paper
22 checks in American society. They cited to the growing prevalence of electronic
23 payroll deductions in the workplace, the large number of employees who currently

1 use payroll deductions and the variety of goods and services paid through payroll
2 deductions, such as health and life insurance premiums, flexible spending
3 accounts, retirement savings plans, charitable contributions, loan and mortgage
4 payments, gym memberships and club dues.

5 One commenter stated that questions regarding the permissibility of various
6 forms of electronic deductions are likely to increase, both in number and in
7 complexity, as technology advances and as corporations provide more innovative
8 financial services to their employees. This commenter suggested that amending
9 the regulations to permit payroll deductions would eliminate the need for the
10 Commission to answer these questions on a case-by-case basis through the
11 advisory opinion process.

12 Several commenters also indicated that removing the regulatory prohibition
13 could help to promote fairness. According to one commenter, the current
14 regulation disadvantages SSFs sponsored by smaller trade associations that try to
15 compete in the political arena against SSFs sponsored by larger trade associations,
16 presumably because larger trade associations and their SSFs have greater resources
17 to devote to SSF fundraising efforts. This commenter suggested that removing the
18 regulatory prohibition on payroll deductions could help smaller trade associations'
19 SSFs to raise funds and thus to compete with larger trade associations' SSFs in
20 representing their members' political interests.

21 In addition, several commenters complained that SSFs sponsored by trade
22 associations are at a disadvantage compared to SSFs sponsored by corporations
23 and labor organizations, not only because the regulations permit payroll deductions

1 of contributions to corporate and labor organization SSFs, but also because they
2 require trade association SSFs to obtain prior approval before soliciting restricted
3 class employees, without imposing any analogous prior approval requirement on
4 corporate and labor organization SSFs. These commenters suggested that
5 removing the prohibition on member corporations' use of payroll deductions to
6 collect employee contributions to a trade association's SSF could help to rectify a
7 perceived inequality in the fundraising abilities of trade association SSFs on the
8 one hand, and corporate and labor organization SSFs on the other hand.

9 Finally, some commenters pointed out that not all corporate members of
10 trade associations have their own SSFs, and that these companies may rely on their
11 trade association's SSF to serve as their political voice. According to these
12 commenters, a trade association's SSF is one of the most accessible mechanisms
13 for political participation by restricted class employees of companies that do not
14 have their own SSFs, and allowing payroll deduction and check-off systems would
15 allow restricted class employees to spread out their contributions easily over time.

16 **3. Practical Arguments**

17 A number of commenters addressed the practical advantages of permitting
18 member corporations to make payroll deductions available to their restricted class
19 employees for contributions to a trade association's SSF. The commenters
20 described payroll deductions as, among other things, widely available, reliable,
21 simple to administer, convenient and imposing minimal or no cost on the
22 corporations that offer them.

1 According to these commenters, the benefits of permitting a member
2 corporation to collect voluntary employee contributions to a trade association's
3 SSF through a payroll deduction or check-off system would extend to every party
4 to the transaction. Contributing employees would find it more convenient and
5 affordable to have smaller, regular contributions automatically deducted from their
6 paychecks than to write a single check for a larger sum. Member corporations
7 would find it more efficient and less costly to collect employee contributions
8 through automatic payroll deductions, and those that did not would be free to use
9 other methods of collecting contributions. Trade associations would be able to
10 reduce their SSF fundraising expenses, and their SSFs would find it easier to track
11 and document both contributing individuals and individual contributions. The end
12 result, according to these commenters, would be increased participation by
13 individuals in the political process and enhanced reporting of their contributions.

14 **ANALYSIS**

15 The Petition and comments raise a reasonable question as to whether the
16 regulatory prohibition against payroll deduction and check-off systems continues
17 to make sense. Accordingly, the Commission concludes that the goals of the Act
18 and the interests of the regulated community would be best served by further
19 examination of this issue and invites public comments on it.

20 **1. Proposed changes to 11 CFR 114.8(e)**

21 The Commission proposes amending 11 CFR 114.8(e) to remove the
22 prohibition on a corporation's use of a payroll deduction or check-off system for
23 contributions by restricted class employees to the SSF of a trade association of

1 which the corporation is a member. The Commission proposes to effect this
2 change by deleting the second sentence of 11 CFR 114.8(e)(3) in its entirety and
3 by adding a new paragraph 114.8(e)(4). Existing paragraph 114.8(e)(4) would be
4 redesignated as 114.8(e)(5).

5 As proposed, new paragraph 114.8(e)(4) would permit, but not require, a
6 corporation to provide incidental services to collect and forward contributions
7 from its restricted class employees to the SSF of a trade association of which the
8 corporation is a member, upon written request of the trade association. Based on
9 information in the Petition and in the comments regarding the wide availability and
10 minimal cost of payroll deductions, the proposed regulation would expressly
11 authorize the use of a payroll deduction or check-off system as an incidental
12 service. The Commission invites public comments on this issue.

13 In addition to permitting a member corporation to provide incidental
14 services to collect and forward employee contributions to a trade association's
15 SSF, proposed paragraph 114.8(e)(4) would require any corporation that provides
16 these services to make the same services available to a labor organization
17 representing employees of the corporation, upon written request of the labor
18 organization and at a cost that does not exceed any actual expenses incurred. The
19 Commission considers this requirement to be necessary to prevent circumvention
20 of provisions in the Act and Commission regulations that seek to prevent corporate
21 SSFs from gaining an unfair fundraising advantage over labor organization SSFs.
22 See 2 USC 441b(b)(6) and 11 CFR 114.5(k)(1).

1 The Petitioners and some of the commenters noted that a corporation
2 without its own SSF might rely exclusively on its trade association’s SSF to
3 represent its corporate interests in the political arena. Absent the requirement in
4 proposed paragraph 114.8(e)(4) that a member corporation make incidental
5 services available to a labor organization representing employees of the
6 corporation if the corporation makes those services available to a trade association,
7 a corporation could allow restricted class employees to contribute through payroll
8 deductions to the corporation’s proxy SSF administered by a trade association,
9 without permitting employees who are members of a labor organization to
10 contribute to their labor organization’s SSF through payroll deductions. This
11 outcome would create an inequality that could subvert the careful balance struck in
12 the Act and Commission regulations between corporate SSFs and labor
13 organization SSFs. The Commission invites public comments on this issue.

14 The only distinction in the proposed rule between providing incidental
15 services to collect and forward employee contributions to a trade association’s SSF
16 on the one hand, and providing incidental services to collect and forward employee
17 contributions to a labor organization’s SSF on the other hand, is in the area of
18 reimbursement. The proposed rule would not require a trade association or its SSF
19 to reimburse the corporation for any actual expenses that the corporation incurs in
20 providing the incidental services. As the Commission has stated previously,
21 “incidental services by corporate members would not require reimbursement by
22 the trade association since, in any event, reimbursement if required would come
23 from membership dues paid to the trade association by its corporate members.”

1 Advisory Opinion 1979-8 at 2, citing to Federal Election Regulations, Explanation
2 and Justification, House Document No. 95-44, page 114. See also Advisory
3 Opinion 1978-13.

4 A labor organization or its SSF that receives incidental services from a
5 corporate employer of members of the labor organization, by contrast, would be
6 required to reimburse the corporation for the cost of providing those services. The
7 Commission has previously found that a prohibited corporate contribution would
8 result from a failure by a labor organization to reimburse a corporation for actual
9 expenses incurred by the corporation in providing a payroll deduction or check-off
10 system for contributions to the labor organization's SSF. See Advisory Opinions
11 1981-39 and 1979-21. The Commission invites public comments on this issue.

12 **2. Proposed changes to 11 CFR 114.2(f)**

13 The Commission proposes making a conforming change to the regulation
14 that currently prohibits a corporation from facilitating the making of contributions
15 to political committees, other than to the corporation's own SSF. See 11 CFR
16 114.2(f)(1). The term "facilitation" means using corporate resources or facilities to
17 engage in fundraising activities in connection with any federal election. Id.
18 Facilitation does not include, however, enrollment by a corporation or labor
19 organization of members of the corporation's or labor organization's restricted
20 class in a payroll deduction plan or check-off system to make contributions to the
21 corporation's or labor organization's SSF. See 11 CFR 114.2(f)(4)(i).

22 The Commission proposes adding a new paragraph (5) to 11 CFR 114.2(f),
23 to specify that facilitation also would not include the provision of incidental

1 services by a corporation to collect and forward voluntary contributions from its
2 restricted class employees to the SSF of a trade association of which the
3 corporation is a member, pursuant to 11 CFR 114.8(e)(4), as revised. The new
4 paragraph would state that a corporation could collect the contributions through a
5 payroll deduction or check-off system. The Commission invites public comments
6 on this proposal.

7 **Certification of No Effect Pursuant to 5 U.S.C. § 605(b) (Regulatory**
8 **Flexibility Act)**

9 The attached proposed rules, if promulgated, would not have a significant
10 economic impact on a substantial number of small entities. The basis for this
11 certification is that the proposed rules permit, but do not require, a corporation to
12 provide incidental services to collect and forward contributions from its restricted
13 class employees to the separate segregated fund of a trade association of which the
14 corporation is a member, including the use of a payroll deduction or check-off
15 system. Under current law, a corporation is permitted to collect and transmit
16 contributions manually to the SSF of a trade association to which the corporation
17 belongs. If promulgated, the proposed rule should enable those corporations that
18 wish to transmit employee contributions to trade association SSFs to do so more
19 efficiently and using fewer resources.

20 **List of Subjects**

21 11 CFR Part 114

22 Business and industry, elections, labor.

1 For the reasons set out in the preamble, the Federal Election Commission
2 proposes to amend subchapter A of chapter 1 of title 11 of the Code of Federal
3 Regulations as follows:

4 **PART 114 – Corporate and Labor Organization Activity**

5 1. The authority citation for part 114 continues to read as follows:

6 Authority: 2 U.S.C. 431(8)(B), 431(9)(B), 432, 434, 437d(a)(8), 441b.

7 2. Revise § 114.2 by adding new paragraph (f)(5), to read as follows:

8 **§ 114.2 Prohibitions on contributions and expenditures.**

9 * * * * *

10 (f) * * *

11 (5) Facilitating the making of contributions also does not include the provision
12 of incidental services by a corporation to collect and forward contributions from its
13 employee stockholders and executive and administrative personnel to the separate
14 segregated fund of a trade association of which the corporation is a member,
15 including collection through a payroll deduction or check-off system, pursuant to
16 11 CFR 114.8(e)(4).

17 * * * * *

18 3. Amend § 114.8 by revising paragraph (e)(3), by redesignating paragraph
19 (e)(4) as new paragraph (e)(5), and by adding a new paragraph (e)(4) to
20 read as follows:

21 **§ 114.8 Trade associations.**

22 * * * * *

23 (e) * * *

1 (3) There is no limitation on the method of soliciting voluntary contributions or
2 the method of facilitating the making of voluntary contributions which a trade
3 association may use. ~~The member corporation may not use a payroll deduction or~~
4 ~~checkoff system for executive or administrative personnel contributing to the~~
5 ~~separate segregated fund of the trade association.~~

6 (4) A corporation may provide incidental services to collect and forward
7 contributions from its employee stockholders and executive and administrative
8 personnel to the separate segregated fund of a trade association of which the
9 corporation is a member, including a payroll deduction or check-off system, upon
10 written request of the trade association. Any corporation that provides such
11 services shall make those services available to a labor organization representing
12 any members working for the corporation, upon written request of the labor
13 organization and at a cost sufficient only to reimburse the corporation for the
14 expenses incurred thereby.

15 (5) * * *

16 * * * * *

17 _____
18 Bradley A. Smith
19 Chairman
20 Federal Election Commission

21
22 DATED _____
23 BILLING CODE: 6715-01-U
24

25