PCA

Portland Cement Association

January 21, 2005

BY ELECTRONIC AND FIRST CLASS MAIL

Mr. Brad C. Deutsch
Assistant General Council
Federal Election Commission
999 E Street, NW
Washington, DC 20463

RE: **Payroll Deductions by Member Corporations for Contributions to a Trade Association's Separate Segregated Fund Notice 2004-18**

Dear Mr. Deutsch:

The Portland Cement Association (PCA) is pleased to provide comments on the proposed rule, "Payroll Deductions by Member Corporations for Contributions to a Trade Association's Separate Segregated Fund," published in the *Federal Register* on December 22, 2004 (69 Fed. Reg. 76628). PCA agrees that the Federal Election Commission (FEC) should amend 11 CFR 114.8(e) to allow trade associations to use payroll deduction to facilitate association Political Action Committee (PAC) contributions from its corporate members. The change to the current rules is necessary because:

- The current prohibition is obsolete
- It will promote fairness for trade associations
- It will provide new opportunities for small associations and businesses

Background

PCA is a trade association representing domestic manufacturers of portland cement. PCA's membership consists of 45 companies operating 106 manufacturing plants in 35 states and distribution centers in all 50 states. PCA members account for more that 95 percent of cement-making capacity in the United States. Although PCA's members comprise only 45 companies, the Association represents a broad spectrum of companies from single-plant operations to multinational corporations.

Portland cement is the powder which acts as the glue or bonding agent that, when mixed with water, sand, gravel and other materials, forms concrete. Cement is produced from various naturally abundant raw materials, including limestone, shale, clay and silica sand.

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Portland cement is an essential construction material and a basic component of our nation's infrastructure.

PCA also sponsors a PAC (the PCA PAC) which is an integral part of our government affairs program. The PCA PAC receives contributions from our members through outreach programs and annually solicits prior-approved member companies through the use of direct mail. The majority of PCA PAC receipts are direct contributions from a few of the separate segregated funds (SSF) of our member companies. The remainder of PCA PAC receipts is comprised of contributions from restricted class employees, typically from larger companies. Removing the prohibition on a corporation's use of a payroll deduction for contributions by restricted class employees to the SSF of a trade association would greatly benefit the PCA PAC in its ability to represent the political interests of our smaller companies and to facilitate greater awareness and participation in the association's government affairs efforts by many more industry employees. Removing the prohibition would make it easier, particularly for the restricted class from smaller companies, to participate in the PCA PAC and become more involved in political affairs.

I. Current Prohibition is Obsolete

The underlying policy rationale for the prohibition on corporate use of a payroll deduction or check-off system for employee contributions to the SSF of a trade association of which the corporation is a member, is outdated since the rule was promulgated in 1976. Today, payroll deduction is part of everyday life. Americans increasingly use automatic payroll deduction to pay loans, pay for health and life insurance premiums, contribute to savings plans, make charitable contributions and pay membership fees. Electronic payroll deductions are increasingly utilized because they are easy, accurate and an efficient method of record keeping for both employee and employer. Electronic payroll deductions will also help facilitate the Commission's requirement for electronic report preparation and filing.

II. Promote Fairness for Trade Associations

Removing the regulatory prohibition on the use of payroll deduction or check-off system for corporate contributions to trade association SSFs would also promote fairness and equity by placing trade associations on par with corporate and labor organization SSFs that are already allowed to use payroll deduction as a means of collecting contributions. There is no policy rationale to justify continuing this prohibition that places trade associations' SSFs at a disadvantage when compared to these other organizations. Trade associations are further disadvantaged since they are required to obtain prior approval before soliciting the restricted class, whereas SSFs sponsored by corporations and labor organizations are not required to obtain prior approval to solicit its employees or members.

Amending 11 CFR 114.8 (e) as proposed by the Commission would also enhance the ability of associations' SSFs with a small number of members, such as the PCA PAC, to raise funds and compete with larger trade associations' SSFs, with hundreds or thousands of members, in representing the their members' political interests. Larger trade associations typically have more resources to devote toward fundraising for the SSF.

III. Promote Fairness for Small Companies

The Commission's proposed amendment to 11 CFR 114.8 (e) would enhance the accessibility of smaller companies that are members of trade associations to the political process. A fundamental reason for small companies joining a trade association is to take advantage of educational, lobbying activities and other services that the trade association provides which the smaller company cannot efficiently and effectively provide on its own. Many of PCA's member companies are smaller firms that do not have their own SSFs and rely on its trade association as their political voice. Allowing payroll deduction and check-off systems would permit restricted class employees the ease, convenience and affordability of spreading out their contributions over time rather than writing a single check for a larger amount.

Conclusion

Based upon the modernization of finance technology and to promote fairness and equity among the SSFs of trade associations, corporations and labor organizations, PCA supports the Commissions proposed change to 11 CFR 114.8 (e) to remove the prohibition on a corporation's use of payroll deduction for contributions by restricted class employees to the SSF of a trade association of which they belong. Thank you for considering the cement industry's perspectives on this proposed rule. I can be reached at (202) 408-9494 to address any questions concerning these comments.

Sincerely,

David S. Hubbard
Director, Legislative Affairs
Assistant Treasurer, PCA PAC