



American Bakers Association

Serving the Baking Industry Since 1897

January 21, 2005

Mr. Brad C. Deutsch
Assistant General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

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FEDERAL ELECTION
COMMISSION
OFFICE OF FEDERAL
COUNSEL

2005 JAN 21 P 4:53

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

Dear Mr. Deutsch:

These comments are submitted on behalf of the members of the American Bakers Association (ABA), the national trade association representing the wholesale baking industry. ABA membership consists of bakers and bakery suppliers who together are responsible for the manufacture of approximately 80 percent of the baked goods sold in the United States. The ABA and its members endorse the comments submitted by America's Community Bankers (ACB) in its petition for a rulemaking to modify the Federal Election Campaign Act (FECA). ABA fully supports the use of payroll deductions for contributions to a trade association's separate segregated fund (SSF) by a member corporation's executive and administrative personnel also known as the "restricted class".

Specifically, ABA respectfully urges the FEC to amend 11 CFR 114.8(c)(3) to allow trade associations to use payroll deductions as a means of encouraging voluntary contributions to trade association's SSF from its corporate members' restricted classes. Simply put, if a member corporation approves the solicitation of its restricted class by a trade association pursuant to 11 C.F.R. § 114.8 (d), it would also be permitted to use a payroll deduction mechanism to collect voluntary contributions from those members of the restricted class who are employees of the corporation. All solicitations would have to comply with the Commission's regulations governing solicitations for contributions to a trade association's SSF. As detailed by ACB's petition, this action is supported for the following reasons:

THERE IS NO STATUTORY IMPERATIVE TO LIMIT THE USE OF A PAYROLL DEDUCTION

- o Nothing in the Act discusses whether a trade association should be allowed to use a payroll deduction mechanism. Rather, the Act specifically allows a trade association to solicit contributions from the shareholders and executive personnel, and their

families, of member corporations. *Id.* § 441 b(b)(4)(D). The Act does not limit the method of facilitating contributions to the trade association's separate segregated fund.

- As the Commission recently made clear, member corporations are permitted to facilitate contributions to a trade association's SSF. *See* Advisory Opinion 2003-22. The specific and explicit limitation on the use of payroll deduction that follows this permissive regulation is inconsistent. If the regulation places "no limitation" on the method of facilitating contributions, it is contradictory to single out one specific method of facilitation.

FACTUAL AND LEGAL CHANGES SUPPORT PAYROLL DEDUCTION

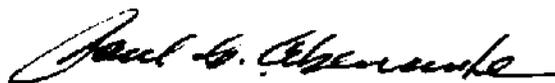
- The use of electronic methods for making and receiving payments has grown tremendously. The use of paper checks has steadily declined since 1995 and the Federal Reserve predicts that trend will continue, as consumers demand more convenient and quicker ways to pay for goods and services. *See* Remarks by Chairman Alan Greenspan, Federal Reserve Payments System Development Committee 2003 Conference, Washington, D.C., October 29, 2003.
- Payroll deduction is a common method used by millions of Americans for a variety of regular payments.
- There is virtually no difference between the cost or effort involved in providing an employee an interoffice envelope to return a contribution or providing her or him with a pre-addressed stamped envelope to send to the trade association. *See* Advisory Opinion 2003-22 (permitting a corporation to provide interoffice envelopes or stamped envelopes in order to facilitate contributions to trade associations). Thus, a payroll deduction is virtually identical to other forms of "facilitation" that the Act and Regulations permit.
- Payroll deductions allow more individuals to participate in the electoral process by making voluntary contributions easier.
- It should also be noted that not all companies have their own SSFs; employees in the restricted class of such corporations have no way of using a payroll deduction mechanism to participate in the political process. Therefore, ABA strongly urges the Commission to amend the FECA to provide more employees with the voluntary opportunity to participate in the political process by using a payroll deduction to make contributions to their trade association SSFs.

ABA greatly appreciates this opportunity to comment on the proposed rulemaking to allow trade associations to use payroll deductions as a means of encouraging voluntary contributions to the trade association's SSF from its corporate members' restricted class. Please

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do not hesitate to contact ABA for additional information if there is anything the Commission may need from the baking industry with regard to this endeavor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul C. Abenante". The signature is fluid and cursive, written over a horizontal line.

Paul C. Abenante
President & CEO
American Bakers Association