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To <paydeduct@fec.gov>  
cc  
bcc

Subject Proposed Amendment to 11 CFR Part 114

## NORTH CAROLINA BANKERS ASSOCIATION



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January 12, 2005

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

Re: Proposed Amendment to 11 CFR Part 114;  
Notice 2004-18

Dear Mr. Deutsch:

The North Carolina Bankers Association is pleased to have this opportunity to comment on the proposed change to the Federal Election Commission's rules, which, if adopted, would allow payroll deductions as a method of contributing to the separate segregated fund (SSF) or political action committee (PAC) of a trade association by employee-stockholders and executive and administrative personnel of member corporations.

The North Carolina Bankers Association is a trade association representing all 139 banks and savings institutions headquartered or doing business in North Carolina. On behalf of the Association and its member institutions, the following comments are submitted in response to the Commission's Notice 2004-18: "Payroll Deductions by Member Corporations for Contributions

to a Trade Association's Separate Segregated Fund." For the reasons set forth below, we urge the Commission to adopt the proposed rule and allow payroll deductions.

We believe that one of the strongest arguments in favor of the rule change comes from the language of the Federal Election Campaign Act (FECA). The FECA grants broad authority to trade associations to solicit SSF contributions, but neither the FECA nor its legislative history requires the exclusion of payroll deduction as a method of obtaining contributions. Arguably, the current prohibition found in FEC regulations is inconsistent with both the FECA and other FEC regulations governing the facilitation of voluntary contributions. Recent FEC advisory opinions such as Advisory Opinion 2003-22, which interpreted the regulations to permit a corporate member of a trade association to collect and transmit contributions in the form of paper checks from certain personnel, provide further support for removing the prohibition.

Another point to consider is that since the prohibition on voluntary payroll deductions has been in place, American society has undergone profound changes. During the past decade, the use of paper checks has declined while there has been a corresponding rise in electronic payments and direct payroll deposits and deductions. While these societal changes have been underway, our nation's campaign finance laws have also undergone a transformation. Unfortunately, the changes to the campaign finance laws have made it more difficult for citizens to participate in the electoral process. Payroll deduction would enable more individuals to make voluntary contributions and in an easier manner than is allowed under the current regulations.

We believe that small organizations would also benefit from the rule change. Often, these organizations do not have SSFs of their own and rely on their trade associations in order to have their views heard. Allowing payroll deduction would enable employees in the restricted class in these organizations to spread out their contributions easily over time.

In conclusion, the North Carolina Bankers Association urges the Commission to adopt the proposed rule and allow payroll deductions as a method for employee-stockholders and executive and administrative personnel of corporations to make voluntary contributions to the SSFs of their trade associations.

Sincerely,

Nathan R. Batts  
Associate Counsel