



Frequently Asked Questions About Prior Authorization

Q. What is prior authorization?

A. Prior Authorization is a federal election regulation that requires PACs of corporate-based trade associations to obtain separate and specific approval in writing from member corporations before soliciting their executive or administrative staff.

Q. With is the history behind the prior authorization regulation?

A. This regulation was established by the 1978 amendments to the Federal Election Campaign Act. It was heavily supported by organized labor which was alarmed by the Federal Election Commission's SUNPAC decision. In its advisory opinion, the commission ruled that in addition to soliciting shareholders, corporate PACs could now solicit their eligible employees. Organized labor successfully lobbied for the prior authorization regulation because it was concerned that corporate political programs would dwarf labor's and "exploit" the law to gain even more dominance via association PACs. While this scenario never materialized, association PACs are still straddled with this burdensome regulation.

Q. Is granting prior authorization voluntary?

A. Absolutely. Your AGC membership will in no way be affected by completing or not completing the form. Granting prior authorization does not obligate the company or its employees to support AGC PAC – it simply gives AGC permission to communicate in much greater detail about the PAC to certain employees (executives, managers, stockholders and their families) about the role the PAC plays in advancing and protecting construction interests in Washington, D.C.

Q. Why should my company grant prior authorization?

A. As you know, the actions of Congress can significantly impact AGC members' ability to do business (i.e. 3% withholding, MAP-21). Legislation can be passed that either advances or stifles the construction industry. To ensure it is the former and not the latter that gets enacted into law, you need to be involved in the political process. One advocacy tool available to the association is AGC PAC.

Established in 1977, AGC PAC is a nonpartisan political action committee sponsored by AGC. It is registered with the U.S. Federal Election Commission (FEC) and allows eligible employees of AGC member companies to pool personal, voluntary financial contributions. The contributions are used to support candidates seeking elected office at the federal and state level who are proponents of issues important to our members, our employees and our shareholders.

To advance our efforts, AGC PAC would like to share important political information with you and your colleagues. Federal election law, however, first requires corporate-based trade association political action committees, like AGC PAC, to obtain written authorization from its corporate members before they can provide any such information or accept/solicit contributions from employees of its member companies.

Q. If my company grants prior authorization, are we billed for our participation or required to make a contribution?

A. Absolutely not. Federal PACs are not permitted to accept corporate contributions. All personal contributions to AGC PAC from eligible donors are voluntary. Individuals may refuse to contribute without reprisal.

Q. Who at my company can grant prior authorization?

A. Any individual at the company who has the ability to grant the authorization to AGC PAC can sign the authorization form on behalf of his or her company. Typically, this individual is an owner, CEO, COO, vice president or senior executive.

Q. Can my company grant prior authorization to other trade association PACs?

A. Unfortunately, no. Federal election law states that a corporate member company of a trade association can only give prior authorization to one trade association PAC per year. However, this does not preclude eligible employees from contributing to other trade association PACs. It just prohibits other trade association PACs from being able to solicit contributions from your eligible employees.

If your company is a member of another association in addition to AGC, it is our hope that you will grant AGC PAC your company's prior authorization because:

- AGC represents nearly 27,000 firms including 7,000 of America's leading general contractors, nearly 9,000 specialty contractors and more than 11,000 service providers and suppliers.
- AGC is the leading association for the construction industry. Regarded as the "voice and choice" of the construction industry, AGC is one of the most visible organizations in the industry.
- AGC PAC is one of the most recognized and well-respected PACs in Washington, D.C., ranking among the top 75 trade association PACs in the country.
- AGC PAC advances AGC legislative priorities by helping to elect pro-construction candidates to the U.S. Senate, U.S. House of Representatives and White House.
- AGC PAC provides opportunities to participate in campaign events, and to hear directly from the candidates on the issues critical to your company and the industry.

Q. Didn't the Supreme Court cases of *Citizens United v. Federal Election Commission* and *McCutcheon v. Federal Election Commission* make regulations like prior authorization void?

A. While these cases struck down federal election regulations barriers to free speech for corporations and individuals, they did not affect how trade association PACs are regulated.