Challenging the Narrative & Opening Minds: PACs and the 116th Congress
Campaign Finance Reform History and NABPAC’s Role of Engagement
1904
TILLMAN ACT BANNED
DIRECT CORPORATE
CONTRIBUTIONS

1943
SMITH CONNALLY ACT BANNED
DIRECT LABOR UNION
CONTRIBUTIONS

1943
COUNCIL OF INDUSTRIAL
ORGANIZATIONS PAC
1961
AMERICAN MEDICAL ASSOCIATION PAC

1971
FEDERAL ELECTION CAMPAIGN ACT; ALLOWED CORPORATIONS AND UNIONS TO USE THEIR TREASURY FUNDS TO ESTABLISH PACS

1974
CREATION OF THE FEC

1974
PAC CONTRIBUTION LIMITS SET AT $5,000
1976
BUCKLEY V. VALEO
SPENDING BY GROUPS, INDIVIDUALS, OR CANDIDATES CAN NO LONGER BE LIMITED; CONTRIBUTION LIMITS STILL APPLY

1977
51 BUSINESSES COME TOGETHER TO FORM THE NATIONAL ASSOCIATION OF BUSINESS PACS

1986
REPUBLICAN MAJORITY SENATE PASSES BILL 69-30 REDUCING PAC CONTRIBUTION LIMITS AND CAPPING AGGREGATE PAC CONTRIBUTIONS
1996
17 PAC BAN BILLS INTRODUCED IN CONGRESS; OTHER BILLS CALL FOR REDUCING PAC LIMITS; NABPAC LAUNCHES ADVOCACY CAMPAIGN

1997
NABPAC KILLS BIPARTISAN SENATE PROVISION TO REDUCE PAC CONTRIBUTION LIMITS

1987
NABPAC INVITES ASSOCIATIONS TO JOIN NABPAC AND LAUNCHES COMPREHENSIVE REFORM INITIATIVE

1997
NRSC CHAIR MITCH MCCONNELL GIVEN NABPAC “GUARDIAN OF FREE SPEECH” AWARD
NABPAC OPPOSES MCCAIN-FEINGOLD & SHAYS MEEHAN BILLS, SAYS PARTIES WILL SUFFER AND WEALTHY WILL CONTROL POLITICS

2002

REPUBLICAN MAJORITIES IN SENATE AND HOUSE PASS REFORMS THAT ELIMINATE SOFT MONEY, INCREASE INDIVIDUAL LIMITS, BUT KEEP PACS AT 1974 LIMITS

PRESIDENT GEORGE W. BUSH SIGNS BIPARTISAN CAMPAIGN REFORM ACT INTO LAW
2003
SUPREME COURT UPHOLDS MCCAIN-FEINGOLD SOFT MONEY BAN AND ELECTIONEERING PROVISIONS

2010
CITIZENS UNITED V. FEC - SCOTUS ALLOWS CORPORATE INDEPENDENT EXPENDITURES; TILLMAN AND SMITH-CONNALLY BANS REMAIN IN PLACE; SUPER PACS EMERGE

2010
NABPAC DEFEATS ANTI-PAC PROVISION IN H.R.5175 “FOREIGN NATIONAL” / US SUBSIDIARIES
2012
NABPAC announces support for increase and indexation of PAC limits, prior approval reform; end to annual aggregate contribution limits

2012
NABPAC calls for differentiation between traditional PACs and super PACs

2014
SCOTUS strikes down annual aggregate contribution limits

2014
McConnell, Reid agree to new party committee limits in omnibus

2015
Freedom Caucus scuttles McConnell omnibus plan to increase party coordinated spending limits

2018
Anti-corporate PAC rhetoric surges, NABPAC gears up for another fight
Consequences of 2018 Elections
Developments

- Legislative
- Ballot Measures
- Judicial
- Corporate Accountability

- Primarily directed to forcing additional disclosures by organizations engaging in independent political speech after *Citizens United v. FEC.*
Would redefine as a foreign national – and subject to the foreign national prohibitions of federal campaign finance law – a company that, among other things:

- 20% foreign owned; or
Where a foreign national “has the power to direct, dictate, or control the decision making process of the corporation with respect to its interests in the United States.”

Any such company would be prohibited from operating a PAC.

- Takes same approach as DISCLOSE Act regarding classification as a foreign national.
Legislative

  - Campaign finance portion includes DISCLOSE Act provisions.

- Would remove the exemption from registration and reporting under the Foreign Agents Registration Act if registered under the Lobbying Disclosure Act.
State legislative proposals:

- Disclosure of independent political speech—
  - AL, AR, CO, CT, GA, ID, KS, LA, ME, MN, MO, MT, NE, NH, NJ, OK, PA, SC, SD, TX, WV, WY
- Foreign corporate political activity—
  - MA
Ballot Measures

- State ballot measure proposals:
  - Disclosure of independent political speech—
    - AZ, MA, ND
  - Ban on foreign corporate contributions—
    - ND
  - Applying state requirements on federal PACs—
    - MO
Judicial

- Federal court cases have focused on disclosure.
  - CREW v. FEC: struck down regulation limiting disclosure of donors to organizations making independent expenditures.
  - CREW v. American Action Network: asserting claim that 501(c)(4)’s political activities require it to disclose donors like a PAC.
Corporate Accountability

- CPA-Zicklin Index
  - Appears to be growing in scope and prominence.
- Shareholder Proposals
  - Continue to be proposed and have caused corporations to react by placing information about political activities on websites.
Changing the Narrative and Opening Minds
Defining the Problem

Current Environment

- Anti-PAC pledges
- Corporate PACs are dark money
- Anti-PAC rhetoric
Creating a Plan

EFB Advocacy and Federal Street Strategies

- Excellent CFR knowledge/history
- Relationships with key influencers/reporters/MOCs
- Social media advocacy
- Bi-partisan team
NABPAC plan:

1) Shift the public narrative that corporate PACs are bad/neutralize
2) Educate Congress on the need to “modernize” campaign law...aka reform

Goal: Create an 18th month strategic plan for NABPAC to implement
NABPAC plan:

Objectives:

- Develop focused, modern initiative designed to change dialogue
- Reintroduce traditional PACs to lawmakers, Hill staff and media (while differentiating from Super PACs)
- Explain the need for wide-ranging reform on an antiquated yet transparent hard-money system
- Provide membership with facts, talking points to defend, protect and promote their PACs internally
- Energize a bi-partisan group of Hill champions to preserve
- Promote and advance the roles of PAC in the CF system through specific legislative initiatives
Dynamics: Divided Government in Changing World
The New House Dynamics

Leaders and Followers

- Democrats
  - Leadership
  - Committee Chairs
  - New Faces
The New House Dynamics

Leaders and Followers

- Republicans
  - Leadership Challenges
  - Ranking Members
  - Changing ideological balance
The Senate: Same as it ever was

Republicans

- Mitch McConnell: Stronger than ever
- John Cornyn: Poised to lead
- Moving on Up (Thune, Barasso, Blunt)
- Eye on 2020 (21 R’s vs 12 D’s)
Democrats

- Schumer: Can He Make a Deal?
- Progressives Running for President
- PACs vs. Grassroots
PACs Are Not Part of the Problem

PACs are part of the solution and they have been since 1974
How Do We Change The Debate?

- We start engaging in it
- We offer clear, concise arguments
- We provide data to prove our points
How Do We Change The Debate?

- We hit our target audiences

- We educate, educate, educate

- We use all of the tools available to us: Member contacts, social media, earned media, video
Rebut the Attacks

- PAC contributions are the cleanest money in politics
- PAC contributions are the most bipartisan in politics
- PAC contributions inspire political involvement
Rebut the Attacks

- PAC contributions come not from corporations but from employees
- PAC contributions moderate the political discourse, because PACs seek results
- We need to make these arguments consistently.
# PACs vs. Dark Money

<table>
<thead>
<tr>
<th></th>
<th>Traditional PACs</th>
<th>Super PACs</th>
<th>501(c)(4) Social Welfare Organizations*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contribution Limits from Individuals</strong></td>
<td>Yes ($5,000 per year)</td>
<td>No Limits</td>
<td>No Limits</td>
</tr>
<tr>
<td><strong>Corporate Contributions</strong></td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Can Promote or Attack Candidates</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (only certain % of organization’s total budget)</td>
</tr>
<tr>
<td><strong>Must Disclose Donors</strong></td>
<td>Yes</td>
<td>Yes &amp; No**</td>
<td>No</td>
</tr>
<tr>
<td><strong>Contributions to Candidates</strong></td>
<td>Yes ($5,000 per election)</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Oversight Agency</strong></td>
<td>FEC</td>
<td>FEC</td>
<td>IRS &amp; FEC</td>
</tr>
</tbody>
</table>

THE NATIONAL ASSOCIATION OF BUSINESS POLITICAL ACTION COMMITTEES | 37
Elements of the Tool Kit

- What Is a PAC?
- What is A Super PAC?
- PAC vs. SUPER PAC vs 501 (c)(4)
- PAC Stats
- Note Card on Legislative Priorities
- Elevator Speech
- Our Statement
They are the Champions
(We Hope)

Leadership

- Mitch McConnell and Kevin McCarthy
- Chuck Schumer and Steny Hoyer
They are the Champions
(We Hope)

Committees of Jurisdiction

○ House Administration

○ Senate Rules
They are the Champions
(We Hope)

Party Committees

- NRCC and NRSC
- DCCC and DSCC
They are the Champions
(We Hope)

Party Caucuses

- Tri-Caucus
- RSC and Tuesday Group
- Possible Women’s Groups
Journalists

- Kate Ackley and Cat Camilia | Roll Call
- Scott Bland and Theo Meyer | Politico
- Michelle Lee and Paul Kane | Washington Post
- Alex Burns and Carl Hulse | New York Times
- Brody Mullins and Rebecca Ballhaus | WSJ
Educate, Educate, Educate

Political reformers

- Norm Ornstein
- Fred Wertheimer
- Norm Eisen
- Thomas Mann
Educate, Educate, Educate

Think Tanks

- Brookings
- AEI
- Bipartisan Policy Center
- CATO
The Legislative Framework:
What do we want and what can we give?

What we want?

- Increase PAC contribution limit to candidates for federal office to $10,000 and index for inflation

- Increase contribution limit to PACs from approved employees to $10,000

- Reform prior approval laws for trade associations with corporate members
The Legislative Framework: What do we want and what can we give?

What can we give?

- Increase transparency of campaign finance data to the public through the FEC

- Improve disclosure laws for Super PACs and strengthen scrutiny of C4’s

Other options?
Tactics and Tools

Inside Game

- Meet with Members and staff
- Cultivate champions
- Draft Legislation
Tactics and Tools

Outside Game
- Influence the Influencers
- Make the case on social media
- Be realistic on target audience
- Rapidly respond to the anti-PAC crowd
- Always be pro-reform
Tactics and Tools

Tools

- **Data:** We need your data (average contribution to PAC, average disbursement to candidate, etc)
- **Relationships with Members**
  - Fundraisers
  - Lobbyists
- **Earned Media**
- **Paid Media**
- **Social media:** Facebook, Twitter, LinkedIn
- **Video**
- **Infographics**
What Are the Deliverables

- Development of messaging, presentation and collateral materials for use by you to use internally at your organization and for education briefings on the Hill

- A strategic lobbying plan focused on
  - Leadership outreach
  - Building a bipartisan Congressional Champions Program
  - Party Committee education and outreach
What Are the Deliverables

- A comprehensive social media strategy
- Presentations, talking points and background materials to be used with the national media, Members of Congress and their staff and key influentials
The strategic plan is due mid December consists of 4 main components:

- **Education Phase**
  - Media & Influencers
  - MOCs & Staff

- **Lobbying Phase**
  - Champion Development & Activation
  - Legislative Fix

- **Advocacy Phase**
  - Social, Earned and Paid Media

- **Rapid Response Phase**
What Is the Timeline?

- **ADVOCACY**
  - January 2019
  - June 2019
  - September 2019
  - December 2019
  - March 2020
  - June 2020

- **LOBBYING**
  - March 2019

- **EDUCATION**
  - March 2019

- **RAPID RESPONSE**
  - June 2019
  - March 2020
Takeaways and to dos

1. Provide us with data (survey questions)
2. Decide whether or not you/your company comfortable participating in this NABPAC initiative
3. Review and become knowledgeable utilizing the tool kit we will provide
4. Invite Head of GR/Comms to January NAPAC Rap Session to better understand this initiative
Questions and Discussion