LEGISLATIVE UPDATE

Political Action Committees: What are they and why we need them in the Equine Industry

Individually, we each have a voice in what happens in this country with public policy. We have an opportunity to vote for the candidate we believe is going to carry out the issues most important to us and we can also support that candidate financially. Exercising your individual power is crucial however there is always strength in numbers and a Political Action Committee is a way to amplify your individual voice. By uniting an industry, it can more effectively and more efficiently educate lawmakers on the issues important to the industry. By contributing to a political action committee, like-minded individuals pool their support, and have an important impact on equine public policy.

The equine industry has four important political action committees – the American Horse Council's Committee on Legislation and Taxation – the National Thoroughbred Racing Association's "HorsePAC" the American Quarter Horse Association's "American Quarter HorsePAC" and the Jockey Club's Jocky ClubPAC. Combined, these PACs represent almost $500,000 for candidates in a congressional election cycle.

What is a Political Action Committee?

A PAC is a tax exempt political committee organized for the purpose of raising and spending money to elect and defeat candidates. Most PACs represent business, labor or ideological interests. PACs can give $5,000 to a candidate committee per election (primary, general or special). They can also give up to $15,000 annually to any national party committee, and $5,000 annually to any other PAC. PACs may receive up to $5,000 from any one individual, PAC or party committee per calendar year. A PAC must register with the FEC within 10 days of its formation, providing name and address for the PAC, its treasurer and any connected organizations. Affiliated PACs are treated as one donor for the purpose of contribution limits.

Political action committees are among the most common sources of funding for campaigns in the United States. The function of a political action committee is to raise and spend money on behalf of a candidate for elected office at the local, state and federal levels.

A political action committee is often referred to as a PAC and can be run by candidates themselves, political parties or special interest groups. Most committees represent business, labor, or ideological interests, according to the Center for Responsive Politics in Washington, D.C.

The money they spend is often referred to as "hard money" because it is being used directly for the election or defeat of specific candidates. In a typical election cycle, political action committees raise more than $2 billion and spend nearly $500 million.

Origins of PACs

PACs have been around since 1944, when the Congress of Industrial Organizations (CIO) formed the first one to raise money for the re-election of President Franklin D. Roosevelt. The PAC's money came from voluntary contributions from union members rather than union treasuries, so it did not violate the Smith Connally Act of 1943, which forbade unions from contributing to federal candidates. Although commonly called PACs, federal election law refers to these accounts as "separate segregated funds" because money contributed to a PAC is kept in a bank account separate from the general corporate or union treasury.

The number of PACs increased rapidly during the 1970s after a series of campaign finance reform laws allowed corporations, trade associations, non-profit organizations, and labor unions to form their own PACs. Today, there are more than 6,000 registered PACs, according to the Federal Election Commission.

Oversight of Political Action Committees

Political action committees that spend money on federal campaigns are regulated by the Federal Election Commission.

Political action committees must file regular reports detailing who contributed money to them and how they, in turn, spend the money. The 1971 Federal Election Campaign Act FECA allowed corporations to establish PACs and also revised financial disclosure requirements for everyone: candidates, PACs, and party committees active in federal elections had to file quarterly reports. Disclosure — the name, occupation, address, and business of each contributor or spender — was required for all donations of $100 or more; in 1979, this sum was increased to $200.

The McCain-Feingold Bipartisan Reform Act of 2002 attempted to end the use of non-federal or "soft money," money raised outside the limits and prohibitions of federal campaign finance law, to influence federal elections. In addition, "issue ads" that do not specifically advocate for the election or defeat of a candidate were defined as "electioneering communications." As such, corporations or labor organizations can no longer produce these ads.

Types of Political Action Committees

Corporations, labor organizations, and incorporated membership organizations cannot make direct contributions to candidates for the federal elections. However, they may set up PACs that, according to FEC, "can only solicit contributions from individuals associated with the connection or sponsoring organization." The FEC calls these "segregated funds" organizations.

There is another class of PAC, the non-connected political committee. This class includes what is called a leadership PAC, where politicians raise money to — among other things — help fund other candidate campaigns. Leadership PACs can solicit donations from anyone. Politicians do this because they have their eye on a leadership position in Congress or a higher office; it's a way of currying favor with their peers.

Different Between a PAC and a Super PAC

Super PACs and PACs are not the same thing. A super PAC is allowed to raise and spend unlimited amounts of money from corporations, unions, individuals and associations to influence the outcome of state and federal elections. The technical term for a super PAC is "independent expenditure-only committee." They are relatively easy to create under federal election laws.

Candidate PACs are prohibited from accepting money from corporations, unions and associations. Super PACs, though, have no limitations on who contributes to them or how much they can spend on influencing an election. They can raise as much money from corporations, unions and associations as they please and spend unlimited amounts on advocating for the election or defeat of the candidates of their choice.

Super PACs grew directly out of two 2010 court rulings—the U.S. Supreme Court's landmark Citizen's United vs. FEC decision and an equally momentous decision by the federal appeals court in Washington. Both courts rule that the government may not prohibit unions and corporations from making "independent expenditures" for political purposes, since doing so "did not give rise to corruption or the appearance of corruption." Critics claimed the courts had given corporations the same rights reserved to private citizens to influence elections. Supporters praised the decisions as protecting freedom of speech and encouraging political dialogue.

Which PAC should you support?

All four of the National PACS mentioned at the beginning of this article support and lobby for legislation that is beneficial to the horse industry. If you are concerned with animal welfare or rescue you may want to look for a PAC that specifically deals with those issues. No matter which PAC you support doing so is an easy way to get your issues in front of your representatives.

A list of both state and federal PACS can be found at ***www.transparencyusa.org***

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