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political Action Committee: A Guide for Professional Accountancy

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THE POLITICAL ACTION COMMITTEE:



**A Guide for
Professional
Accountancy**

American Institute of Certified Public Accountants
666 Fifth Avenue, New York, New York 10019

**Committee on State Legislation
American Institute of Certified Public Accountants**

THE POLITICAL ACTION COMMITTEE:

A GUIDE FOR PROFESSIONAL ACCOUNTANCY

Why Contribute to Campaigns?

Giving money to assist political campaigns is both a civic responsibility and a political opportunity.

It is a responsibility because most campaign dollars are used to present a candidate's message and to develop support for him. Thereby, dollars stimulate interest in the election process.

Despite controls and criticism, it is not likely that campaign costs will diminish. Improved communications techniques, new uses of media and a growing population will continue to increase the cost of running for public office.

The republic is in deep trouble if only the rich can afford to campaign. To have a choice between well-qualified candidates, citizens must be willing to pay the cost of campaigning. And even seemingly high campaign costs are a bargain, for nothing can be more important to the citizen than the quality of his government.

Giving to a campaign fund is a political opportunity because it thanks an incumbent whose actions have reflected the donor's views and helps a first-time candidate who seems likely to work for the contributor's beliefs.

Campaign contributions do not "buy" anything from the vast majority of elected officials. All the contributor should expect is the candidate's awareness of his help, an adequate hearing of his views and thoughtful consideration of them. The contributor is entitled to access to the candidate but not to an automatic commitment of help from him. If the contributor judged the candidate's philosophy correctly when he gave his help and if his legislative cause is just, in most instances access is all that is needed.

The Advantages of Political Action Committees

Few citizens can make contributions to enough candidates, in amounts which provide important help, to thank, support and assure a sympathetic hearing from enough elected officials to affect a legislative program or to promote a political cause strongly.

But twenty-five dollars from each of two hundred citizens provides five thousand dollars. This is enough to make a significant impact on ten campaigns for the state legislature, or to provide noticeable aid in twenty-five such campaigns. Clearly, the first reason for having a political action committee is to gain maximum advantage from a combination of relatively small contributions.

A companion reason is clear identification to the candidate of some interest which the donors have in common. If a number of donors in a single profession band together to thank him or to help him for the first time, he becomes very aware of their action. He knows or can assume the reason for it. If he disagrees with them or fears them, he may return the contribution—and this happens more frequently than one might think. But if he shares their interest or agrees with it, he accepts the combined contribution made through their political action committee and remembers the identification of these donors' common interest.

Political Action Committees for the Profession

Organized labor pioneered the evolution of the political action committee. A few years later, various business and industry groups saw that this structure and method made sense and set up their own PACs. And more recently, some of the professions have followed suit.

State and federal election laws are varied and complicated. Labor, business and professions have experimented with different approaches to organizing PACs and varying styles of operating them.

The Association Department of the United States Chamber of Commerce has performed an invaluable service by publishing a definitive book, "Business and Professional Political Action Committees," by George D. Webster. This book's emphasis is on *federal* laws, procedures and elections. While professional accountancy's political interest is mainly at the *state* level, the book is relevant because the state level PAC resembles that organized for federal campaigns. The Webster book should be the basic reference for a state level group even though state laws are less complex and stringent and a simpler structure is possible.*

AMPAC, the American Medical Political Action Committee, is a complete model for professionals who desire to organize a PAC. Political necessity spurred the medical profession to develop an efficient, effective

structure which functions at all levels of government. For more limited state purposes, the AMPAC program may be adapted and modified easily. AMPAC is described thoroughly, with examples of its materials, in "Business and Professional Political Action Committees."

Mr. Webster's book answers the main questions about legal structure, methods of solicitation and operations of the PAC. It gives check lists of do's and don'ts, sample documents and materials and valuable exhibits and appendices. By studying this book and the model provided by AMPAC, certified public accountants who are contemplating setting up a PAC will be spared months of research and uncertainty. The book is available from:

Association Department
Chamber of Commerce of the United States
1615 H Street, N.W.
Washington, D.C. 20006.

Price list:	1 - 9 copies	\$3.50 each
	10 - 99 copies	\$2.80 each
	100 plus copies	\$2.45 each

*Since publication of this book, the Federal Election Campaign Act of 1971 was passed by Congress and signed into law by the President. The new law affects only campaigns for the federal Congress and the Presidency; it changes the reporting system for political action committees which contribute to these campaigns. The Webster book still has great value in showing how to organize a PAC, but officers of any Committee which plans to give to federal campaigns should study the new Act as well.

How to Begin

The general rule for a PAC is that legally and for tax purposes it must be separate from the professional organization whose members organize it, but it is politically advantageous to identify it with the profession. The degree of its separateness will vary from state to state and according to its purpose. When initiating a political action committee:

1. Organize a nucleus group of colleagues who share a desire to establish a PAC.
2. Study carefully “Business and Professional Political Action Committees” by George D. Webster, including the federal sections. You may want your PAC to work in federal campaigns some day; it is easier to organize it correctly from the outset.*
3. Consult legal counsel at once. It is essential to have sound legal guidance from the beginning.

4. Review the project with a cooperative state election official. Much benefit can be gained from his experience with other groups. (In organizing a PAC you are doing nothing incorrect or questionable. Quite the contrary: if more common-interest groups would do so, the entire political process would benefit.)

5. Seek the advice of physician-leaders in your state's medical political action committee. You will find their experience helpful.

***Remember to also review the Federal Election Campaign Act of 1971 which gives the most up-to-date information on federal reporting requirements for committees.**

About Contributions

1. Contributions made early in the campaign are doubly welcome.
2. Relatively small contributions are far better than nothing.
3. Contributions should be made in person by a PAC member who is a constituent or friend of the recipient.
4. If possible, it is wise to make a second contribution late in the campaign, during its inevitable last-minute financial emergency; you may wish to reserve funds accordingly.

A Final Word

Far from being a surreptitious or quasi-secret activity, an effective Political Action Committee should be a source of pride.

It makes democracy work better.