

# Clearing Up Misconceptions About Corporate PACs

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As an increasing number of Democratic federal candidates pledge not to accept contributions from corporate political action committees (PACs), misconceptions about corporate PACs are becoming more prevalent in the media. Below are responses to three common myths about the role corporate PACs play in federal elections.

## **Myth 1: Corporations fund corporate PACs.**

Contrary to some media reports, corporate PACs do not use corporate money to contribute to federal candidates. Instead, corporate PACs are funded by voluntary, individual contributions from eligible employees. Although eligible employees may contribute up to \$5,000 per calendar year, corporate PACs largely rely on recurring, small-dollar contributions from eligible employees. This provides eligible employees with a way to pool their small-dollar contributions and collectively support federal candidates with one voice.

## **Myth 2: Corporate PACs are 'dark money' groups.**

Corporate PACs are transparent, "hard dollar" organizations regulated by the Federal Election Commission (FEC). Like federal campaigns and political parties, corporate PACs must fully disclose their fundraising and spending on public reports filed with the FEC. These disclosure reports itemize contributions received from individuals who contribute more than \$200 in a calendar year; contributions made to candidates, political parties, or other committees are itemized regardless of amount. By contrast, so-called "dark money" groups generally are not required to publicly disclose their donors and disclose only certain types of spending with the FEC.

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**Myth 3: Corporate PACs are responsible for “big money” in politics.**

Corporate PACs must comply with the same contribution limits as labor union PACs, trade association PACs, membership organization PACs, leadership PACs, and other types of traditional PACs. The maximum amount that any of these PACs may contribute to a federal candidate is \$5,000 per election, which is less than the \$5,600-per-election maximum that spouses may jointly contribute to a federal candidate. According to FEC statistics, corporate PAC contributions comprised only 6.4% of the funds Senate and House candidates raised during the 2017-18 election cycle.[1] Put simply, corporate PACs may only make limited contributions and federal candidates overwhelmingly are funded by contributions directly from individuals.

[1] FEC, PAC Contributions to Candidates: Jan. 1, 2017 – Dec. 31, 2018 (rev. Mar. 8, 2019), [https://transition.fec.gov/press/summaries/2018/tables/pac/PAC2\\_2018\\_24m.pdf](https://transition.fec.gov/press/summaries/2018/tables/pac/PAC2_2018_24m.pdf); FEC, House & Senate Financial Activity: Jan. 1, 2017 – Dec. 31, 2018 (rev. Mar. 7, 2019), [https://transition.fec.gov/press/summaries/2018/tables/congressional/ConCand1\\_2018\\_24m.pdf](https://transition.fec.gov/press/summaries/2018/tables/congressional/ConCand1_2018_24m.pdf).