

Testimony of

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before the

Federal Election Commission

**Regarding Its Proposed Rulemaking on Contributions to
Trade Associations' Separate Segregated Funds from
Restricted Class Employees of Member Corporations through
Payroll Deduction**

May 17, 2005

Good afternoon, Mr. Chairman and members of the Commission. My name is Pamela Whitted, Vice President of Government Affairs for the National Stone, Sand & Gravel Association, also known as NSSGA. Thank you for this opportunity to testify today on the Notice of Proposed Rulemaking regarding contributions to trade associations' Political Action Committees from restricted class employees of member corporations through payroll deduction.

NSSGA represents the crushed stone, sand and gravel producing industries, collectively referred to as "aggregates." Our member companies produce 90 percent of the crushed stone and 70 percent of the sand and gravel consumed annually in the United States. We are the largest mining association by volume in the world according to the U.S. Geological Survey.

Our members' products are ubiquitous. Thirty-three percent of our market is in residential construction, 31 percent is roads and highways and 36 percent is in public works such as airports, water treatment plants and schools. A small portion of our products also go into the manufacture of glass, paint, pharmaceuticals, cosmetics, chewing gum, household cleansers and many other consumer goods.

NSSGA member companies have operations in approximately 70 percent of the nation's counties and virtually every congressional district is home to some sort of aggregates operation. The Department of Commerce classifies at least 75 percent of our industry as small businesses.

NSSGA strongly supports the reforms that the Commission is considering today to current FEC regulations governing the ability of trade associations to utilize payroll deduction as a means of collecting contributions for their PACs from eligible employees of their member corporations.

The primary role of a trade association is to allow businesses with similar interests, some large, but many small, to pool their resources to further their collective interests. A trade association's PAC is integral to this role.

The overwhelming majority of NSSGA members do not have their own PACs. It simply makes no sense for them – financially or politically – to have a PAC when they can pool their resources with those of their peers to have a greater impact. Our PAC

provides them with this opportunity and it is a principle avenue for their political participation at the federal level.

Even among NSSGA's large company members that have federal PACs of their own, there is a significant number of eligible individuals who participate to some extent with the association's PAC. These individuals recognize that NSSGA's reach, as a nationwide association, extends far beyond their own company's locations and represents the industry on a truly national scale.

The current prohibition on payroll deduction unfairly penalizes businesses that belong to trade associations. Nothing in the Federal Election Campaign Act requires such an exclusion and it is time to place these companies on the same footing that unions and corporations have enjoyed since 1977. In doing so, it will increase the ease of participating in the political process for every single person who wants to get involved and support their industry's political interests financially.

As noted in the written comments that NSSGA submitted, whatever policy rationale may have existed for placing this payroll deduction restriction upon trade associations in the late 1970s has disappeared with the advent of new technologies that have changed

the way that people handle their day-to-day financial transactions. FEC Advisory Opinions over the years have rushed to catch up with these advances, but by their very nature are reactionary.

This is an opportunity for the FEC to be proactive and to obviate the need for additional Advisory Opinions in this particular area. It will also correct the discriminatory policy that sets apart individuals who work for corporations that belong to a trade association from those who are members of a union or whose corporations have strong PAC programs of their own.

Thank you for your consideration of our position. We look forward to working with the Commission to institute the sensible reforms on the payroll deduction issue that are currently before you. I will be happy to answer any questions that you may have.