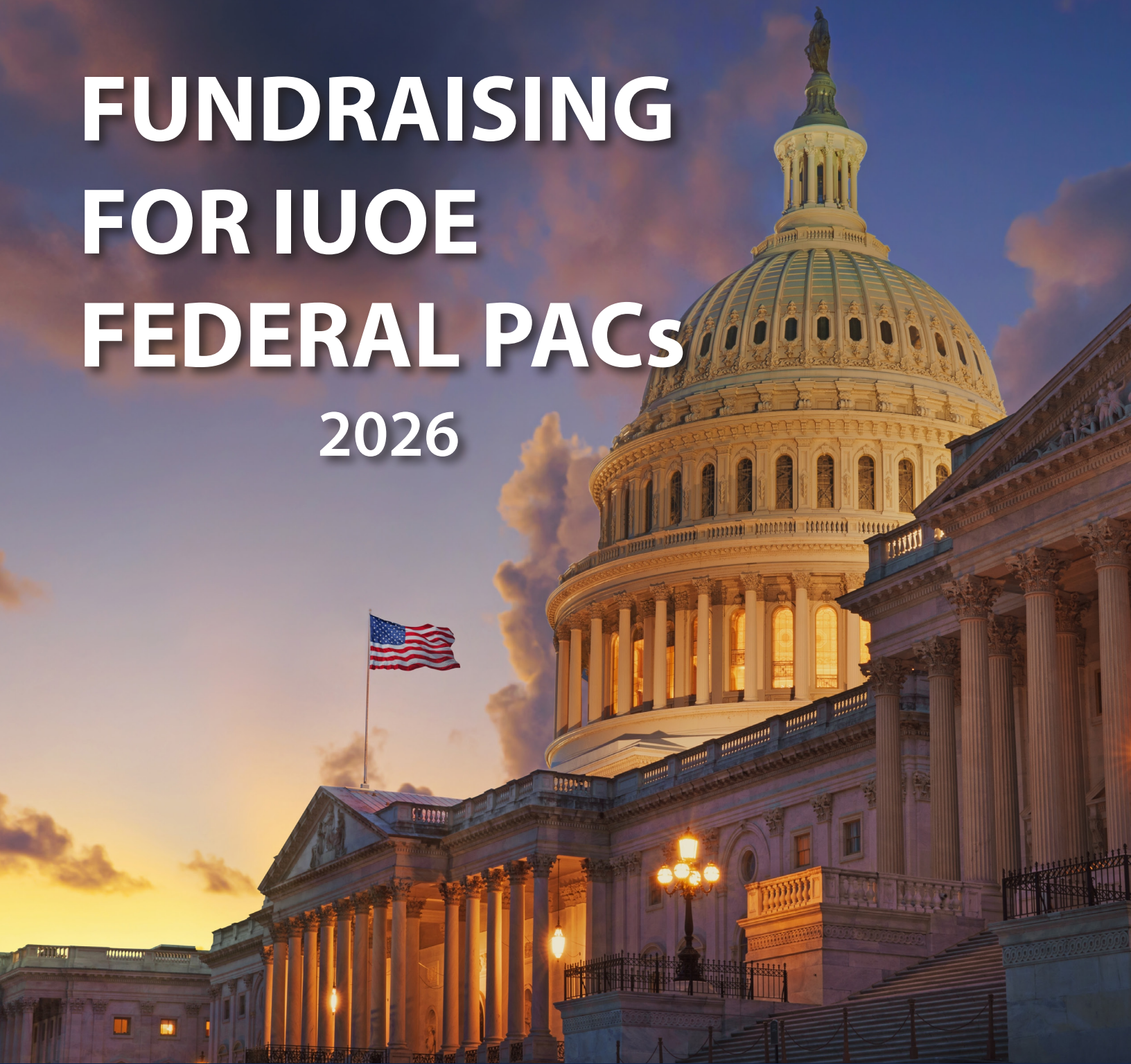




International
Union of
Operating
Engineers

FUNDRAISING FOR IUOE FEDERAL PACs 2026



1125 Seventeenth Street, NW • Washington, DC 20036 • www.iuoe.org

THE INFORMATION IN THIS HANDBOOK APPLIES ONLY TO FUNDRAISING FOR IUOE **FEDERAL** POLITICAL ACTION COMMITTEES (PACs REGISTERED WITH THE FEDERAL ELECTION COMMISSION). YOU SHOULD CONSULT WITH LOCAL UNION COUNSEL ABOUT YOUR EXISTING STATE REGISTERED PAC OR THE ESTABLISHMENT OF A STATE REGISTERED PAC.

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
1. Sources of Funds to Administer and Finance a Federal PAC	4
2. Contributions to the PAC Must be Voluntary	4
3. The Union’s “Restricted” or “Solicitable” Class for Purposes of Federal PAC Solicitations	5
4. Soliciting PAC Contributions From the IUOE Restricted/Solicitable Class	6
5. Payroll Deduction: The Best Fundraising Method	9
6. Other Methods of Securing Contributions to the PAC	13
7. Transmitting the Member’s Contributions to the PAC	16
8. PAC Fundraising on Websites	19
9. How To Establish a Federal PAC	20
IUOE International Political Staff: Contact Information	21

ATTACHMENTS

General President’s Club – Authorization Form for Payroll Deduction	22
Sample Authorization Form for Payroll Deduction	23
Sample Authorization Form for Electronic Fund Transfer to Federal PAC	24
Sample Authorization Form for Credit Card Transfer to Federal PAC	26
Sample Collective Bargaining Language re Administering Payroll Deduction	27

1. SOURCES OF FUNDS TO ADMINISTER AND FINANCE A FEDERAL PAC

PAC Administration and Solicitation

A union may use general treasury money for the establishment, administration, and solicitation of contributions to its federal PAC, such as office space, phones, union salaries of individuals who administer the PAC, fundraising, bank charges, payments to indemnify officers and employees for their PAC activities, managing a union's own PAC payroll deduction program for staff, printing checks, and legal and accounting fees.

The union reports this spending on its annual Form LM-2 to the U.S. Department of Labor and its annual Form 990 to the Internal Revenue Service, although due to the design of those forms this information is usually included as part of more general expenses and not itemized as for this purpose. If the PAC instead pays these expenses, then the PAC reports them on its regular filings with the Federal Election Commission (FEC).

2. CONTRIBUTIONS TO THE PAC MUST BE VOLUNTARY

Federal election law treats voluntary political contributions by union members to their union's PAC very differently from union dues that members pay after they voluntarily join the union. Only *individual non-dues* money – often called “hard” money – may be used to make contributions to regular federal PACs that make contributions to federal candidates and FEC-registered political party committees and contributing PACs. **Engineers Political Education Committee (EPEC)/International Union of Operating Engineers (“EPEC/IUOE Voluntary Fund”)** and **IUOE Local Union federal PACs** are funded by IUOE member voluntary contributions, subject to a \$5,000 per year limit.

Contributions to an IUOE PAC are voluntary when two requirements are satisfied:

- Any solicitation – personally, by email, in a union publication or otherwise to contribute to IUOE PAC – must contain certain language, which is set out at Section 4 below.
- The Local Union cannot act inconsistently with these solicitation statements.
- No adverse action may be taken to pressure anyone to contribute or to enforce a guideline for contributions.

Dues Money Cannot Used to Contribute to an IUOE Federal PAC

An IUOE PAC *cannot* be funded with *dues* money, even if that is a member's preference about how to contribute, and even if a Local Union's membership were to vote unanimously to allocate dues that way. That means *no part of dues money may be checked-off* as a contribution to IUOE PAC. Instead, the IUOE PAC check-off must be applied directly to wages *separate* from the member's dues payroll deduction, and a member may not redirect to the IUOE PAC any part of

those dues.

The Union Cannot Subsidize a Member’s Contribution

A Local Union may not reimburse a union employee or member for a contribution through any kind of payment, such as a gift, bonus, or any other form of direct or indirect compensation or other thing of value.

IUOE Federal PACs Are “Affiliated” with Each Other and May Transfer Unlimited Amounts to Each Other

Under federal election law, all of the federal PACs sponsored by all IUOE Local Unions and other IUOE bodies are automatically treated as “affiliated” with each other. That means all of the federal PACs within IUOE *may transfer unlimited amounts to each other, at any time*. They are not restricted by the usual federal \$5,000 per-year PAC-to-PAC contribution limit.

This affiliation relationship also means that *IUOE federal PACs share a single incoming contribution limit*. So, for example, any single member of IUOE may contribute a total of \$5,000 per year to *all* of those PACs, combined.

In addition to EPEC/IUOE Voluntary Fund, the New York State Conference sponsors a federal PAC, as does each of the following 34 Local Unions:

Local 3, Local 4, Local 12, Local 14, Local 15, Local 17, Local 18, Local 30, Local 49, Local 57, Local 68, Local 94, Local 98, Local 99, Local 101, Local 103, Local 137, Local 138, Local 139, Local 150, Local 158, Local 211, Local 302, Local 324, Local 399, Local 478, Local 487, Local 542, Local 649, Local 701, Local 825, Local 841, Local 891, and Local 965.

Every federal PAC within IUOE has filed an FEC Form 1, “Statement of Organization” registration form. Every Local Union and other sponsor of a federal PAC should make sure that its currently filed form lists the Local Union or other sponsor as the PAC’s “connected organization,” and lists the “Engineers Political Education Committee (EPEC)/International Union of Operating Engineers” as an “affiliated organization.” It is not necessary also to list all of the other federal PACs within IUOE – that’s required only of EPEC/IUOE Voluntary Fund.

3. THE UNION’S “RESTRICTED” OR “SOLICITABLE” CLASS FOR PURPOSES OF FEDERAL PAC SOLICITATIONS

A union may use its general treasury money to communicate *only* with its “restricted class” or “solicitable class” (these terms mean the same thing) in order to solicit contributions to any federal PAC within IUOE, including the Local Union’s federal PAC and EPEC/IUOE Voluntary Fund. The significance of confining *PAC solicitations* to the Local Union’s restricted class is that it is *unlawful* to solicit contributions to the PAC from anyone else.

This class includes, for any IUOE Local Union, any U.S. citizens or lawful permanent U.S. residents (“green card-holders”) who are *either*:

- *Active Members*;
- *Local Union “Executive and Administrative Personnel”*: salaried employees of the Local Union who have upper-supervisory, managerial, professional or policy-making authority. So, this does not include other employees, such as office clerical staff, unless they are also IUOE members. If the professional employees are represented by another union, then they cannot be solicited unless they are also IUOE members;
- *Immediate Family Members* of all those described above who live in the same household as the member or staffer;
- *Retired Members* who maintain their IUOE membership; or
- *In Any of the Above Categories at Other IUOE Local Unions*: Federal election law treats all of IUOE as one union for these purposes, even though each Local Union federal PAC may choose to solicit only its Local Union’s restricted class.

Any individual outside of the above categories is *not* in the Local Union’s restricted class. Here are particular examples that often come up – note that in all cases below *except* for Canadians and other foreign nationals, if an individual described below is *also an IUOE member*, then he or she *is* in the restricted class:

- *Non-members* employed in an IUOE bargaining unit
- Office clerical and maintenance employees of the Local Union
- Outside attorneys, accountants, consultants and vendors
- Administrators and other employees of IUOE health & welfare and pension funds
- Immediate family members who live elsewhere
- Members of other unions *outside* of IUOE, whether or not affiliated with the AFL-CIO
- Canadian members of IUOE (unless they have dual American citizenship)

So, to emphasize the point, an IUOE member who neither is a U.S. citizen nor has been lawfully admitted for permanent residence under U.S. immigration laws *cannot* be solicited for the PAC, even if the member has a visa or some other official authorization to live or work in the U.S.

4. SOLICITING PAC CONTRIBUTIONS FROM THE IUOE RESTRICTED/SOLICITABLE CLASS

Methods of Communication

A union may use its general treasury money to solicit PAC contributions from its restricted class by any means, such as:

- Phone banks
- E-mails
- Text messages
- Mailings

- Canvasses of households
- Union meetings
- Union publications with at least a 95% restricted class circulation
- Other union functions where at least 95% of the attendees are in the restricted class (without counting guest speakers and personnel hired to operate or assist the event)
- Websites (but see Section 8, below)
- Digital means that can be confined to members and staff

What is a “Solicitation”?

In order for IUOE to generate contributions to IUOE PAC, the union must comply with federal rules about solicitations to contribute. *These solicitation requirements apply when soliciting contributions by any means, such as signing up for payroll deduction, or paying via check, cash or bank or debit card.*

Generally, a “solicitation” for a contribution includes not only an explicit request to contribute but also any other message that encourages support of the PAC’s activities, extols the PAC’s activities, praises contributors and contributions, or facilitates contributions to the PAC. It’s important to understand what a “solicitation” is for two reasons:

- The message can only be communicated to the Local Union’s restricted class, and
- The message must also include certain “disclaimer” language, discussed below.

More specifically, a “solicitation” does *not* include:

- Distributing factual information about a PAC’s identity, goals, receipts, contributions and candidates supported.
- Advising people how to determine their own eligibility to contribute, so long as it also states that contributions will not be accepted from those who are ineligible.
- Stating that the restricted class may contribute but other individuals cannot.

The FEC *does* treat as a “solicitation” a simple and legally accurate statement – even if it lacks encouragement to contribute – that the PAC may accept voluntary contributions from *any* lawful contributor, unless this statement clearly indicates that any solicitation is *limited* to the restricted class and that contributions from others won’t be accepted, *and* the union in fact doesn’t accept them.

Required Content of Solicitations

Every solicitation of contributions to an IUOE Federal PAC, whether written or oral, must say the following:

- “An individual may refuse to contribute without reprisal.”

- “The PAC uses the money it receives to make political contributions and expenditures.” (Any similar description of the PAC’s political purpose is also acceptable.)
- “Federal law requires IUOE to use its best efforts to collect and report the name, address, occupation and name of employer of every individual who contributes over \$200 in a calendar year.” (These “best efforts” are discussed more fully below.)
- “Contributions or gifts to [name of PAC] are not deductible as charitable contributions for federal income tax purposes.”

If the solicitation includes a *specific suggested amount or rate* of contribution (per pay period or some other period), then the solicitation must also state:

- “Any stated particular contribution amount is merely a suggestion. An individual may contribute more or less, and the union will neither favor nor disadvantage anyone by reason of the amount of the contribution or their decision not to contribute.” (Closely similar language is also acceptable.)

Additionally, while not legally required, the following messages in solicitations may be useful:

- “Contributing to the PAC is not a condition of either union membership or employment.”
- “This authorization shall remain in full force and effect until revoked in writing by me.”
- “Only U.S. citizens and lawful permanent residents who are IUOE members, executive or administrative staff, or their families, may contribute.”

The third message above is particularly important because federal law prohibits “foreign nationals” from contributing in U.S. elections at any level, including by contributing to a union-sponsored federal PAC. *We now recommend that this language be included in all solicitations for IUOE federal PACs, including on all newly printed payroll deduction authorization forms.* That’s because it is common for a union’s members to include individuals who are ineligible to contribute because they reside in the U.S. pursuant to a visa or other authorization, or they are simply undocumented.

A Local Union is not required to, and should not, actively screen its members for foreign national status when it solicits them for contributions to its federal PAC. But under the law if a Local Union *knows* that an individual is ineligible for that reason, it should not accept contribution from them. Or, if a member uses a foreign address, bank account or ID, or otherwise indicates possible foreign national status, the union has a duty to take reasonable steps to verify their eligibility before accepting contributions. Routinely informing members in solicitations that only U.S. citizens and lawful permanent residents may contribute protects both the union and members who might not realize that they can’t contribute.

In situations where there is some incidental circulation of a solicitation *beyond* the restricted class

– such as a Local Union newsletter whose mailing list also includes others in the community – it must also say: “[Name of PAC] can only solicit IUOE members, staff and families for contributions. This message is directed only to them. Contributions from others cannot be accepted and will be returned.” And, that policy must be followed.

As long as the legally required “disclaimers” are included, a solicitation also can include any message of any length that describes what the PAC is used for and emphasizes the importance of the PAC and of each member’s participation in it. And, that message can be as lengthy as the Local Union wishes.

What Cannot Be Said

- Anything that contradicts any of the required language above
- Any threat of job discrimination, financial reprisal or other adverse action for failing to contribute or contributing too little

“Best Efforts” to Obtain Contributor Information

A federal PAC must use its “best efforts” to obtain the name, address, occupation and name of employer of each contributor who gives more than \$200 in a calendar year. (The PAC must collect at least the name and address of anyone who contributes more than \$50 in a year.) The solicitation must inform the contributor of this requirement, as discussed above.

The PAC needs this contributor information because it has to *report* it to the FEC about any over-\$200/yr. contributor. The best way to comply is to require *all* contributors to provide this information, on a payroll deduction form or otherwise. The member’s “employer” for reporting purposes is the employer at the time a particular contribution is made, even if the member’s employers frequently change. The Local Union also can rely on its usual records in reporting contributor information.

When any of the required information is missing, the “best efforts” requirement is satisfied by a written or oral request (that’s documented at the time) to the member for that information within 30 days after receipt of the contribution. That request must repeat the “best efforts” solicitation language above, and it can thank the member for contributing, but it cannot solicit another contribution or address other subjects.

The suggested contribution amount in the IUOE model is \$.05 per hour. Based on that rate per hour, the likelihood of a member contributing over \$200 per year is remote (it would take 4,001 hours worked in a year). Some Local Unions list substantially higher suggested amounts in their solicitations. If, for example, the suggested hourly amount is \$.10 per hour, then some members may contribute over \$200 per year depending upon the amount of work available.

5. PAYROLL DEDUCTION: THE BEST FUNDRAISING METHOD

Payroll deduction (or “check-off”) is the most common and successful method used throughout the labor movement to raise money for union-sponsored federal PACs. Fundraising for IUOE

federal PACs through payroll deduction is strongly encouraged, because it is, by far, the best means of ensuring that a federal PAC has an ongoing and reliable source of funding. Payroll deduction is more efficient administratively than all the other fundraising discussed in this handbook, and it provides the most revenue for the amount of effort expended.

There are two ways to create a federal PAC payroll check-off program:

- Negotiate with an employer to administer payroll check-off, or
- Secure payroll check-off as a matter of right if the employer (or an employer affiliate) already uses it for its own federal PAC

Negotiate For Payroll Deduction With an Employer

Like dues check-off, IUOE PAC check-off is a legitimate subject of collective bargaining. Ideally, check-off should be negotiated as part of a Local Union's overall collective bargaining agreement.

The union is required by law to pay the employer's cost of administering check-off, but this can be accomplished without a separate Union payment to the employer by stating in the contract language such as:

“The costs of administering this payroll deduction for [name of IUOE federal PAC] are incorporated into the economic package provided under the terms of this Agreement so that the IUOE has, through its negotiation and its execution of this Agreement, reimbursed the Employer for the costs of such administration.”

Otherwise, the union must reimburse the employer *separately* for its costs of administering the PAC check-off.

Instead of waiting until negotiation of a successor collective bargaining agreement, a Local Union may request that the employer begin to administer PAC check-off *during* the contract term (so long as this fits the union's overall bargaining strategy). Any such amendment to the main agreement must be in writing, and it must account for union payment of the employer's PAC check-off administrative costs. When PAC check-off is separately negotiated, those costs are less likely to be folded into an overall economic package. Instead, the union probably will have to pay them directly, at least until the next overall agreement is negotiated.

Importantly, the union is obligated only to pay the employer's *actual* incremental administrative costs for PAC check-off, and these should generally be small given the degree to which payroll administration has been computerized.

Model IUOE PAC check-off contract language is provided at the end of this handbook.

Obtain Payroll Deduction and Other Solicitation and Collection Methods As a Matter of Right Where the Employer Uses Them for the Employer's Own Federal PAC

If an employer already uses check-off to enable its executives to contribute to the employer's *own*

federal PAC, then the Local Union is entitled, *as a matter of right*, to request and receive the same check-off procedure for its members to contribute to the union's federal PAC. This is *not* subject to bargaining.

This right also applies if *any corporate affiliate* of the employer *anywhere* in the country uses payroll check-off for its executives to contribute to an affiliated employer federal PAC.

Even if PAC check-off is secured as a matter of right, the best course is to add a provision to the collective bargaining agreement, so that the employer doesn't have the opportunity to discontinue it unilaterally if it stops using check-off for its own PAC.

The union must pay the employer's administrative costs for IUOE PAC check-off when check-off is achieved as a matter of right, just as the union must pay them when the check-off is negotiated.

The Local Union may make a *written request* to an employer for information about any existing employer PAC check-off arrangements anywhere among the employer's affiliates in the country. The union must also request in writing that, if there are any, the employer provide the same check-off system for IUOE members' contributions to the PAC.

The same union access right also applies to *any method other than payroll deduction* that an employer affiliate uses to facilitate voluntary PAC contributions from its executives, and even its shareholders. And, the same right exists for the union to use any employer *method of soliciting* PAC contributions, such as employer use of its computers that address solicitation letters or employer use of its premises to host meetings where solicitations occur. So, the union's written request should cover solicitation methods as well.

Payroll Check-off Authorization Forms

A member's participation in an IUOE PAC check-off must be based on an *individually signed authorization form*. There *cannot* be a valid check-off for any member *unless* that member *voluntarily* executes such an authorization form. Only union members should be given check-off authorization forms or asked to make check-off contributions to IUOE PAC. *Non-members* in a bargaining unit may not be solicited for check-off under any circumstances.

Either Paper or Electronic: This form and the member's signature may be either paper or electronic. If it is electronic, it must be handled in a secure way that verifies the signer's identity, is acknowledged by the union to the member by email and is revocable by the member at any time by the same electronic means. A record (either electronic or paper) must be kept of the transaction and maintained for at least three years (seven is preferred).

Include Solicitation Language on the Form: Federal law requires that solicitations to sign authorization forms include all of the solicitation language described above. The best way to guarantee this is to include that language *on the authorization forms themselves*. A model form is provided at the end of this handbook.

“Reverse” Checkoff Is Impermissible

It is unlawful to *automatically* deduct PAC contributions from a paycheck without prior member authorization, even if the member can request a refund and is informed of that opportunity. No collective bargaining agreement, even if ratified by a unanimous member vote, can provide for automatic (“reverse”) PAC check-off.

Combining a PAC Payroll Deduction Form with a Dues Deduction Form

An authorization for voluntary PAC contributions may be combined with an authorization for voluntary union dues deduction on the same document *only* if:

- The language for each deduction is separate;
- All of the required PAC solicitation language is included; and
- There are *either* separate signature lines for each deduction *or* separate boxes to check for each deduction that are conspicuous and clearly explained

Vacation Fund PAC Check-Off

Vacation fund PAC check-off requires no negotiation with an employer because it is the vacation fund, which the employer does not administer, that deducts and remits to the PAC a portion of the member’s vacation account. The member must and does sign and provide a voluntary PAC checkoff authorization form only to the vacation fund. That form should be modeled on the regular PAC payroll deduction authorization form.

So, vacation fund PAC checkoff occurs in two steps. First, the employer deducts from the member’s paycheck the amount that the employee separately authorized to be deducted and remitted to the vacation fund; that authorization doesn’t refer to the PAC. Second, when the member becomes eligible to receive their vacation payout, the vacation fund deducts from that payout and remits to the PAC the amount the employee authorized there.

It is also important that:

- The vacation fund governing documents do not preclude administering the PAC deduction;
- The union and the vacation fund enter into an agreement providing for the vacation fund’s honoring of voluntary member authorizations to remit a designated amount of the member’s vacation fund payout to the PAC;
- The vacation fund is reimbursed for the costs of administering this PAC checkoff; and
- The vacation fund keeps records of the checkoffs.

Local Unions with IUOE General President’s Club Participants

All Local Unions that employ IUOE General President’s Club participants should retain a copy of the signed authorization forms for contributions by payroll deduction to the IUOE’s federal PAC, EPEC/IUOE Voluntary Fund, for their own files and forward the form with the original signature to the IUOE Political Department. Attached to this handbook is a copy of the General President’s Club authorization form.

Payroll Deduction to EPEC/IUOE Voluntary Fund by Members Working Under IUOE National Agreements

Local Unions with members working under national agreements, including pipeline, dredging, and Tennessee Valley Authority, should retain a copy and forward the authorization forms with the original signature to the IUOE Political Department.

6. OTHER METHODS OF SECURING CONTRIBUTIONS TO THE PAC

While payroll deduction is the most reliable and preferred method of securing contributions to the PAC, the Local Union may also conduct other fundraising activities:

- Similar automatic deduction arrangements by credit card or electronic funds transfer (see the model forms at the end of this handbook)
- “Passing the hat” at membership meetings, so long as no member contributes more than \$100/year in cash
- Individual solicitations of contributions by cash (again, up to \$100/year) or check.
- Sales of items (such as t-shirts, pins, event tickets) or (where lawful) prizes. These are subject to the “one-third rule” (described more below): the union-paid cost of the event (other than room rental, food and beverages) cannot exceed one-third of the contributions raised there for the PAC.
- Matching contributions to the PAC with union donations to charity. This is *not* subject to the one-third rule.

In all of these scenarios, the Local Union becomes what federal law calls the “collecting agent” for the PAC. See Section 7 below for a description of what that is and how the Local Union must transmit these contributions to the PAC.

Contributions by Check and Cash

A Local Union may raise contributions by check and cash to its federal PAC through special solicitations at member meetings and other Local Union events. The union must comply with the same solicitation rules as in other IUOE PAC fundraising. Even if the union is also soliciting members to make a more sustained commitment by payroll deduction, these special events can supplement them, and some members may prefer one-time contributions to check-off.

If a member contributes by check, the check should be made out to the name of the PAC and the Local Union must forward the check directly to the PAC within 30 days, or within 10 days if the contribution exceeds \$50. The Local Union also must use its “best efforts” to obtain the contributor’s name, address, occupation and name of employer and provide that to the PAC, as discussed in Section 4 above.

A member may contribute up to \$100 per year in cash to a federal PAC. The Local Union should keep a record of the identities and amounts of all cash contributors if possible, but that kind of record is optional for cash contributions of \$50 or less. The union must deposit the cash in the PAC account.

If the Local Union is collecting the cash for the EPEC/IUOE Voluntary Fund, then the union must forward all the contributions by either a *cashier’s check* or a *money order*, along with the name of the fundraising event (such as “July 9, 2026 Membership Meeting”) and an itemization of contributors over \$50 (name, address, occupation, name of employer, and amount). And, the Local Union must comply with the usual per-contributor 30-day (over \$50) and 10-day (\$50 or less) transmittal deadlines.

Union Charitable Match of PAC Contributions

A union may encourage contributions to a federal PAC by pledging to match all or a portion of a member’s contribution to the PAC with a Union donation to charity. The member making the contribution to the PAC may designate a charity that is tax-exempt under 26 U.S.C. § 501(c)(3) to receive the matching gift from the union, but the member may not personally benefit from the contribution. The union may use its general fund for its matching contribution; this is treated as a PAC fundraising expense.

Incentive Items for Different Levels of Contributions

A Local Union may offer particular incentive items to members for reaching different levels of contributions to its federal PAC. An item should be given to a member when the member has actually reached the contribution level, meaning that a check-off contribution might have to continue for a while before the incentive item is awarded.

There is no limit on how much the PAC itself may pay for incentive items, and the one-third rule does not apply when the PAC pays.

It is unlawful for an employer, vendor or other person to pay for an incentive item, because none of them can sponsor or lawfully contribute to IUOE PAC.

The entire amount of the contribution to the PAC from a member who receives an incentive item is sent to and counted as the contribution to the PAC, without subtracting the value of the item.

Whether the member contributes by check or cash in connection with an incentive item, the Local Union has the same responsibilities described above to send the funds and back-up information to the PAC in a timely manner. The Local should keep for at least three years (and preferably seven) its own record of any incentive items it purchased and distributed.

Raffles

Federal election law permits a union to conduct raffles in order to raise funds for its federal PAC, but *only if they fully comply with the particular state's raffle law*. Unfortunately, most states now *prohibit* privately conducted raffles or limit them to a few kinds of organizations, usually charities. A federal PAC cannot receive the proceeds of an unlawful raffle.

Accordingly, a Local Union that wishes to conduct a raffle for an IUOE PAC must first determine what is permissible under its state's law: specifically, can a union or a PAC operate a raffle, and can a PAC be the beneficiary of a raffle? And, if it can, does the raffle need a permit; does the raffle ticket have to include particular language; and what other special rules apply? Because raffle options are so few, and sometimes so strictly regulated, *before conducting any raffle for EPEC/IUOE Voluntary Fund the Local Union must confer with the IUOE Political Department*.

If state law permits the raffle, the raffle must comply with both the *state's* particular requirements *and* the following *federal* rules:

- The Local Union may solicit only its restricted class.
- Solicitations must follow all the usual rules for soliciting contributions, as described above. Solicitation statements may be communicated on a flyer, orally from a written script, on a posted sign where raffle tickets are sold, or on the tickets themselves.
- The entire amount paid to participate in a raffle – usually, the cost of a raffle ticket – is treated as a contribution to the PAC for all purposes.
- Checks and cash for raffle tickets should be handled and timely transmitted to the PAC like any other check and cash contributions, as described above.
- The Local Union can pay to create or supply the tickets and for the logistical costs of the raffle. These costs are *not* subject to the one-third rule described above.
- If the Local Union pays for the raffle *prizes* or for any *entertainment* offered in connection with the raffle, then those costs *are* subject to the one-third rule, and they are compared with the total PAC contributions resulting from the raffle. So, if the costs of the raffle prizes and entertainment exceed one-third of the proceeds, the PAC must make up the difference.
- If a member pays for any prize or entertainment costs, then that's a contribution to the PAC by the member.
- Employers and vendors *cannot* pay for raffle prizes, entertainment, or other raffle costs.
- The Local Union must maintain records of all IUOE PAC raffle transactions for at least three years, and preferably for seven years.

Sweepstakes

Unlike raffles, many states permit some form of “sweepstakes,” meaning an event that, like a raffle, raises contributions to a PAC by accepting payments for a chance to win by a random drawing of names of participants – but, unlike a raffle, a sweepstakes also permits members to participate *without* making *any* contribution or other payment at all, *and* every participant member must have an *equal* chance to win, whether or not he or she pays to participate.

Like raffles, sweepstakes must comply with applicable state laws, so a Local Union must consult those laws *and* advise the IUOE Political Department *before undertaking the sweepstakes for EPEC/IUOE Voluntary Fund*. If a Local Union operates a PAC, then in addition to any state-law requirements, it must follow all of the same federal-law requirements described above for conducting a raffle.

The “One-Third Rule” When PAC Fundraising Involves Incentive Items or Prizes

If the union pays for an incentive item, or for a raffle or sweepstakes prize, then its value – plus the costs of any special event connected with the fundraising – must be *no more than one-third of the amount of the PAC contributions that are raised as a result*. If the cost of the item *exceeds* one-third of the amount raised, then the PAC itself must make up the difference so that the Local Union stays within its one-third limit. Special event costs that must be counted for this purpose include entertainment, but not room rental, food and refreshments.

Here are a few examples of how the one-third rule operates:

Example A: An IUOE Local Union pays \$1,000 for recording equipment as the prize for a sweepstakes to be conducted over several weeks that culminates with a special PAC fundraising event. The Local Union pays for the sweepstakes tickets and for mailed and emailed notices to members about the event, rents a room at a hotel for the event, and incurs other incidental costs. The sweepstakes takes in \$3,300, so that is the total contribution to the PAC. Because the \$1,000 prize is less than one-third of \$3,300, and the other costs incurred by the Local Union don’t count for purposes of the one-third rule, the rule is satisfied. However, if the sweepstakes takes in \$2,700, then the PAC would have to pay \$100 of the prize cost, so that its cost to the Local – now, \$900 – is no more than one-third of the event’s total contributions raised.

Example B: The Local Union offers to give a jacket to any member who contributes or raises \$500. The jacket is worth \$100. One-third of \$500 is \$166.67. Since the jacket costs only \$100, the one-third rule is easily satisfied and no PAC reimbursement to the Union is required.

7. TRANSMITTING THE MEMBER’S CONTRIBUTIONS TO THE PAC

There are several lawful ways for PAC contributions to be transmitted to the PAC, each with its own manageable rules.

Employer Sends Payroll-Deducted Contributions Directly to the PAC

An employer may send payroll-deducted IUOE PAC contributions *directly* to the PAC. This is the best method because it is the most simple, and the Local Union does not have to become involved in handling the contributions.

It is important that the employer include an *itemization per contributing member* that states the member's name, address, occupation, contribution amount, and rate of payroll deduction. Federal law requires that anyone who receives contributions intended for a federal PAC provide the PAC with both the contributions and the contributor information. *This obligation should be set forth in the collective bargaining agreement.*

Employer Sends Payroll-Deducted Contributions to the Local Union, Which Forwards Them to the PAC As the PAC's "Collecting Agent"

Some employers prefer to send the PAC contribution to the Local Union, often in a single check along with dues, benefit fund premiums, and other deductions. A Local Union that receives payroll-deducted PAC contributions from an employer, either in a separate check or with dues or other payments, becomes a "collecting agent" for the PAC under federal rules. That entails certain obligations for the Local Union, although the PAC is ultimately legally responsible for the Local Union's collection and transmittal of these contributions.

What a Collecting Agent Is: A Local Union acts as a "collecting agent" for the PAC if it *either* (a) receives from an employer the PAC contributions that members make through payroll deduction, *or* (b) secures PAC contributions directly in any other way, including by individual solicitations or fundraising events. As a collecting agent, the union must follow several rules.

Bank Splitting of Dues and PAC Contributions: If the union receives payroll-deducted PAC contributions from an employer *and* the employer includes those contributions in the *same* check or wire as payroll-deducted dues, then the union should arrange with its bank to split the amount by depositing the PAC contributions into the PAC account or the Local Union's transmittal account for the PAC (discussed below) and depositing the dues in the Local's regular general-fund account. The bank should make this split in accordance with the employer's back-up itemization of which members paid what amounts for which purposes.

Union Deposit of Combined Dues and PAC Contributions: Absent such an arrangement with the bank, the Local Union should:

- Deposit all the funds in its regular treasury account, and keep a record of the various amounts attributable to dues and to the PAC; *and*
- Send its own check or wire to the PAC in the amount of the PAC's portion.

Union Deposit of PAC Contributions Alone: If the union receives payroll-deducted PAC contributions from an employer, *and* the employer sends those contributions in a check or wire containing *only* those PAC contributions, then the union should deposit them directly into the PAC account if possible. If that is not possible, then the union can *either*:

- Deposit this in the union’s regular treasury account, and keep a record of the amounts attributable to the PAC; *or*
- Deposit this in a separate Local Union “transmittal account” – a bank account of the union that *only* handles PAC contributions collected and transmitted to the PAC by the union, and shares the union’s IRS Employer Identification Number (EIN); *or*
- Deposit this in the union’s non-federal political account (if any), which should have its own separate EIN, and keep track of the amounts attributable to the federal PAC.

Forwarding Contributions Timely to the PAC: If the union deposits PSAC contributions in either its own general-fund account, a specially dedicated transmittal account, or a nonfederal PAC account, those contributions of course must end up in the federal PAC account. The Local Union must ensure that they are forwarded to the PAC no later than 30 days from the date the union or its nonfederal PAC receives them – except that if more than a \$50 contribution by a *particular* member is received, then *that* contribution must be forwarded to the PAC within 10 days. *Each instance of a payroll deduction is a “contribution” for purposes of this calculation.* And, for all member-contributors, the Local Union must send IUOE PAC the full per-member itemization that it received from the employer.

If the Local Union receives a contribution by check made payable to the PAC, it must ensure that the check is a *personal* rather than a business check, and IUOE then must forward the check to the PAC within 10 days if the amount exceeds \$50, or within 30 days if the amount is \$50 or less.

Contributions to an IUOE PAC should never be deposited in a *personal* account of a union official, a member or anyone else on their way to the PAC.

Employer Sends Payroll-Deducted Contributions to a Benefit Fund, Which Forwards Them to the PAC

Under some arrangements, an employer sends the PAC contribution to a benefit fund along with benefit fund payments, dues and other deductions. A benefit fund that receives payroll-deducted PAC contributions from an employer, either in a separate check or a single check with those other remittances, must forward the PAC portion and any backup documentation according to the same 10-day/30-day deadlines discussed above.

Recordkeeping by the Local Union

A Local Union that acts as an IUOE PAC “collecting agent” must keep or provide to IUOE (in the case of IUOE/EPEC Volunteer Fund) a copy of every signed PAC authorization form. The PAC itself must maintain the information on the form and disclose it on FEC reports about any contributor who exceeds \$200 per year.

Locals Unions are also required to retain for *three years* after a particular FEC report is filed all related records of IUOE PAC contribution deposits and transmittals to IUOE PAC, including

ledgers, cancelled checks, deposit slips, and electronic information. The better course is to retain these records for at least seven years.

8. PAC FUNDRAISING ON WEBSITES

Local Union's or PAC's *Public Website*

A union may not use its website (or other communications media) to solicit the general public to contribute to its federal PAC. Instead, a Local Union website can publicly convey *information* about its federal PAC so long as it does not constitute a “solicitation” for a contribution. See Section 4, above, about what is and is not a solicitation.

However, it is a fairly common practice among unions and other groups that sponsor connected federal PACs to enable their restricted classes to contribute to the PAC on the *public* portion of the group's website – in fact, there usually is no password-protected portion for PAC contributions. *This entails some risk of a complaint and an FEC finding that this amounts to a solicitation to the general public.*

However these sites have operated for years, and they may be legally defensible *if, first, all* of the standard FEC-required solicitation disclaimer language is included, and *second*, there is strict enforcement of a strongly stated policy to reject contributions from anyone outside the restricted class. The following language, or closely similar language, on the *public* portion of a Local Union's website is advisable, though not all of it may be desirable (but the boldfaced language is *necessary* to include):

IUOE Local ___ sponsors [name of PAC], a federal political action committee that makes contributions and expenditures to elect federal candidates who support workers. Decisions about contributions and expenditures are made by Local ___. Under federal law, participation in the PAC is limited to IUOE members, executive and administrative staff, and their families. Individuals may refuse to contribute without any reprisal. Individuals desiring information about their eligibility to contribute to the PAC may contact [name/contact information].

Federal law prohibits the PAC from soliciting contributions from individuals who are *not* IUOE members, executive and administrative staff or their families. Any contributions received from such other individuals will be returned.

Contributions or gifts to the IUOE PAC are not tax-deductible.

Local Union's or PAC's *Password-Protected Website*

The above restrictions associated with soliciting/fundraising on a publicly accessible website may be avoided by using a password-protected website that only IUOE restricted class members may access.

As an initial matter, if the public website includes a link to a password-protected segment for the Local Union, it should include a message at the link as follows:

Members of IUOE may access the website of [name of PAC] by entering their username and password below. It is a violation of the union's rules for anyone else to access this website.

To make it easier for members to access a password-protected site, the Local Union could use a *universal password*, or a universal username and password, for all of its members, so it doesn't have to distribute and encode individually unique access information. If the union does assign a common username and password (or just a password alone), it should be transmitted *only* to IUOE members by email or another means of communication that reaches *only* members and that advises them to keep the password confidential.

The password-protected portion of the website itself could and should include both an explicit solicitation and an electronic means to contribute directly to the PAC. It should include the same disclaimer and informational language that the PAC check-off authorization form uses, because that reflects the FEC's message content requirements for solicitations to the restricted class.

9. HOW TO ESTABLISH A FEDERAL PAC

Here is a summary of how to establish a federal PAC:

Authorization: The Local Union should follow its regular internal procedures in deciding to establish a federal PAC.

Name: The Local Union's full name must be in the name of the PAC.

Officials: A federal PAC must have a Treasurer, who is the FEC-recognized PAC officer. The PAC may also have an Assistant Treasurer, who can perform the duties of the Treasurer in the Treasurer's absence or if there's a vacancy in the Treasurer position. (The PAC can't lawfully receive or spend funds unless there is an incumbent Treasurer or Assistant Treasurer.) The PAC must also have a Custodian of Records, who may also be the Treasurer or Assistant Treasurer. The Local Union may structure the PAC so it has other officials as well; for example, the union's Executive Board could function also as the PAC's governing board.

EIN: Obtain a separate Employer Identification Number ("EIN") from the Internal Revenue Service for the PAC, so that the IRS treats it as a distinct organization from the union itself for tax purposes. It is easy to obtain an EIN online within a few minutes at <https://www.irs.gov/businesses/small-businesses-self-employed/get-an-employer-identification-number>.

FEC Registration: Register the PAC with the Federal Election Commission using FEC Form 1. Form 1 may be filed electronically at <https://webforms.fec.gov/webforms/form1/index.htm#>. Electronic filing is mandatory if it's expected that the PAC will receive or spend more than \$50,000 per year. Otherwise, Form 1 must be mailed, and is available at <https://www.fec.gov/resources/cms-content/documents/fecfrm1.pdf>. Either way, the form's instructions are available at <https://www.fec.gov/resources/cms-content/documents/fecfrm1i.pdf>. The PAC must register with the FEC within 10 days of its establishment.

Check the box at Line 5(e) of Form 1 to register that the PAC is a “separate segregated fund” of a “labor organization.” At Line 6, enter the Local Union as the “connected organization” and enter the Engineers Political Education Committee (EPEC)/ International Union of Operating Engineers as an “affiliated committee.” Other federal PACs within IUOE do *not* have to be listed. At Line 8, in addition to identifying the Treasurer, an Assistant Treasurer may be named at the entry for “Full Name of Designated Agent” with the title “Assistant Treasurer”.

Open a Bank Account: The PAC must have a bank account separate from the union and anyone else. The bank may require the union to provide an executive board resolution authorizing the PAC, or specific PAC governing documents. If so, consult with the IUOE Political Department about how to go about satisfying the bank’s requirements. The account may be opened with either no funds or initial contributions from any members.

Next Steps: The FEC will send the PAC a packet of information about how to proceed next, including how to fulfill its FEC reporting obligations.

IUOE INTERNATIONAL POLITICAL STAFF: CONTACT INFORMATION

JAMES SYPE, Director
Legislative and Political Affairs
202-778-2692 phone/fax
jsype@iuoe.org

SETH MORRIS, Sr. Program Manager
Legislative and Political Affairs
202-778-2642 phone/fax
smorris@iuoe.org

Copies of signed authorization forms should be forwarded to **CAROLINE NELSON** at IUOE Political Department, 1125 Seventeenth Street, N.W., Washington, D.C. 20036, or cnelson@iuoe.org.



**IUOE/EPEC Payroll Deduction
General President's Club Authorization**

I hereby authorize and direct that you deduct from my pay the below-designated amount and remit that amount to the Engineers Political Education Committee (EPEC), International Union of Operating Engineers, 1125 – 17th Street, N.W., Washington, D.C. 20036, on the following basis:

Authorization for Lump Sum Deduction

- Deduct a lump sum of 1% of my annual salary as of January 1 each calendar year or \$ _____ on my check dated January 15th of each year.*

-OR-

Authorization for Equal Deductions Per Pay Period

- Deduct equal amounts per pay period totaling 1% of my annual salary as of January 1 per year or \$ _____ per year.*

The suggested deduction is \$800 (1% of the current salary limit in the General Pension Plan) if my annual salary is \$80,000 or more, and is less if I earn less than \$80,000 per year. For example, if my annual salary is \$70,000 per year, the suggested deduction is \$700.*

If I receive a salary increase during the calendar year or in subsequent years, the amount of deduction that I am authorizing will not increase until the following January.

This contribution is voluntarily made upon the specific understanding that the signing of this authorization and the making of such voluntary contributions are not conditions of membership in the Union or employment with the employer; that I may contribute a greater or lesser amount than the amount suggested, and I will not be favored or disadvantaged for doing so or for a decision not to contribute; that I may refuse to contribute without reprisal; that EPEC uses the money it receives to make political contributions and expenditures; and that only U.S. citizens and lawful permanent residents are eligible to contribute.

This authorization shall remain in full force and effect until revoked in writing by me.

Name _____ **Date** _____

Signature _____

Register No. _____ **Soc. Sec. No.** _____

Mailing Address _____

City _____ **State** _____ **Zip Code** _____

Employer _____ **Occupation** _____

Contributions or gifts to the Engineers Political Education Committee (EPEC)/ International Union of Operating Engineers are not deductible as charitable contributions for federal income tax purposes.

Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200.00 per calendar year.

** Membership in the General President's Club is based upon a minimum contribution of 1% of the salary limit under the General Pension Plan or 1% of an individual contributor's annual salary as of January of the calendar year, whichever is less.*

ALL OTHER IUOE FEDERAL PAC PAYROLL DEDUCTIONS
--

If the contributor is making a contribution by payroll deduction to your Local Union's federal PAC, it is necessary to include the name and address of your Local Union's federal PAC on this sample form. If the contributor is making a contribution to EPEC/IUOE Voluntary Fund (for example, a member working on a job under the National Pipeline Agreement), it is necessary to include the name and address of EPEC /IUOE Voluntary Fund.

[NAME OF IUOE FEDERAL PAC] CHECKOFF

I hereby authorize and direct that each employer signatory to an agreement with the International Union of Operating Engineers or any of its affiliates for whom I work to deduct from my paycheck five cents (\$.05) per hour or \$ _____ per hour for all compensated hours as an employee, and to remit such amount to the [name of IUOE federal PAC], [address of IUOE federal PAC] at such times as other remittances are made to the union.

This contribution is voluntarily made upon the specific understanding that the making of such voluntary contributions is not a condition of membership in the Union or of employment with

the employer; that I may contribute a greater or lesser amount than that suggested and I will not be favored or disadvantaged for doing so or for a decision not to contribute; that I may refuse to contribute without reprisal; and that [name of IUOE federal PAC] uses the money it receives to make political contributions and expenditures; and that only U.S. citizens and lawful permanent residents are eligible to contribute.

This authorization shall remain in full force and effect until revoked in writing by me.

Name _____ Signature _____

Social Security # _____ Date _____

Mailing Address _____ Employer/Occupation _____

Local Union _____

Contributions or gifts to the [name of IUOE federal PAC] are not deductible as charitable contributions for Federal income tax purposes.

Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200.00 per calendar year.

IUOE FEDERAL PAC ELECTRONIC FUND TRANSFER CHECKOFF

Front of form

I hereby authorize and direct that each employer signatory to an agreement with the International Union of Operating Engineers or any of its affiliates for whom I work to deduct from my paycheck five cents (\$.05) per hour or \$_____ per hour for all compensated hours as an employee, and to remit such amount to the [name of IUOE federal PAC], [address of IUOE federal PAC] at such times as other remittances are made to the union.

If my Employer does not offer payroll deduction, I hereby authorize [name of IUOE federal PAC] to deduct from my checking account \$_____ every month subject to the terms set forth on the reverse side of this authorization card as a voluntary contribution to [name of federal PAC]. Please use the attached check as my first payment and start deducting my contributions from my checking account the following month. If my Employer starts payroll deduction for voluntary contributions to [name of IUOE federal PAC], this electronic fund transfer checkoff authorization will automatically terminate and the payroll deduction authorized above will start the following month.

By my signature I state that I have reviewed and agree with the terms as set forth above and on the reverse side of this card.

Name _____

Signature _____

Social Security # _____

Date _____

Address _____

Employer/Occupation _____

Local Union _____

Back side of form

CHECKOFF AUTHORIZATION

I direct my Local Union to initiate the payroll deduction or electronic fund transfer checkoff authorized on the front of this card.

This contribution is voluntarily made upon the specific understanding that the making of such voluntary contributions is not a condition of membership in the Union or of employment with the employer; that I may contribute a greater or lesser amount than that suggested and I will not be favored or disadvantaged for doing so or for a decision not to contribute; that I may refuse to contribute without reprisal; and that [name of IUOE federal PAC] uses the money it receives to make political contributions and expenditures; and that only U.S. citizens and lawful permanent residents are eligible to contribute.

This authorization shall remain in effect until revoked in writing by me.

Contributions to [name of IUOE federal PAC] are not deductible for federal income tax purposes.

Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200.00 per calendar year.

IUOE FEDERAL PAC CREDIT CARD CHECKOFF

Front of form

I hereby authorize and direct that each employer signatory to an agreement with the International Union of Operating Engineers or any of its affiliates for whom I work to deduct from my paycheck five cents (\$.05) per hour or \$_____ per hour for all compensated hours as an employee, and to remit such amount to [name of IUOE federal PAC], [address of IUOE federal PAC] at such times as other remittances are made to the union.

If my Employer does not offer payroll deduction, I hereby authorize [name of IUOE federal PAC] to deduct from my credit card \$_____ every month subject to the terms set forth on the reverse side of this authorization card as a voluntary contribution to [name of IUOE federal PAC]. My Visa or MasterCard (circle one) is No. _____ and its expiration date is _____. If my Employer starts payroll deduction for voluntary contributions [name of IUOE federal PAC], this credit card checkoff will automatically terminate and the payroll deduction authorized above will start the following month.

By my signature I state that I have reviewed and agree with the terms as set forth above and on the reverse side of this card.

Name _____

Signature _____

Social Security # _____

Date _____

Address _____

Employer/Occupation _____

Local Union _____

Back side of form

CHECKOFF AUTHORIZATION

I direct my Local Union to initiate the payroll deduction or credit card checkoff authorized on the front of this card.

This contribution is voluntarily made upon the specific understanding that the making of such voluntary contributions is not a condition of membership in the Union or of employment with the employer; that I may contribute a greater or lesser amount than that suggested and I will not be favored or disadvantaged for doing so or for a decision not to contribute; that I may refuse to contribute without reprisal; and that [name of IUOE federal PAC] uses the money it receives to make political contributions and expenditures; and that only U.S. citizens and lawful permanent residents are eligible to contribute.

This authorization shall remain in effect until revoked in writing by me.

Contributions to [name of IUOE federal PAC] are not deductible for federal income tax purposes.

Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200.00 per calendar year.

SAMPLE COLLECTIVE BARGAINING AGREEMENT LANGUAGE
--

The Employer will deduct five cents (\$0.05) for each hour from the paycheck of each employee who receives wages under the terms of the Agreement and has submitted an individually signed, voluntarily authorized payroll deduction form for such deduction as a contribution to the [name of IUOE federal PAC]. It is agreed that these authorized deductions are not conditions of membership in the International Union of Operating Engineers or of employment with the Employer, and that the [name of IUOE federal PAC] will use such monies in making political contributions in connection with federal, state, and local elections. The Employer shall remit such payroll-deducted funds by separate check to [name of IUOE federal PAC] [address of IUOE federal PAC], accompanied by monthly reports reflecting employee hours worked on forms so provided by the International Union of Operating Engineers, at the same time the Employer submits its other benefits to the appropriate offices.

The costs of administering this payroll deduction for [name of IUOE federal PAC] are incorporated into the economic package provided under the terms of this Agreement so that the IUOE has, through its negotiation and its execution of this Agreement, reimbursed the Employer for the costs of such administration.