

Political Law Alert

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Recalibration of Corporate PAC Contributions

In light of the events at the Capitol on January 6, many companies have been reevaluating their political giving and the use of political action committees. The nonprofit Center for Responsive Politics has been tracking the statements of 101 major companies, and as of January 25, 2021:

- 51 plan to temporarily suspend all federal PAC contributions;
- 22 plan to temporarily or permanently suspend contributions to the 147 members of Congress who voted against certifying the 2020 election results;
- seven do not have a formal plan to suspend contributions, but will consider recent events when making future contribution decisions;
- one has asked that their contributions to certain members be refunded;
- one has terminated its PAC; and
- 19 are continuing to review their political contribution policies.

Although such decisions should be made pursuant to a PAC's bylaws or other applicable governance document(s), they generally do not raise political law issues. However, they may have notable public, shareholder and employee relations implications. Some of these implications may be short-term, such as having an immediate effect on the level of PAC participation or reactions from shareholders or the press. Others may be long-term, including where companies reevaluate their political giving program, including whether their PAC should continue giving at current levels or exist at all. Further complicating the picture are the effects that the recent events may have on the activist shareholders that have, in recent years, increased their efforts to introduce proxy proposals requiring greater transparency on political contributions and lobbying.

We have helped many companies navigate these waters and have developed strategies to minimize or otherwise address the potential implications.

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