

CAMPAIGN FINANCE REFORM ACT OF 1996

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JULY 16, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. THOMAS, from the Committee on House Oversight,  
submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 3760]

[Including cost estimate of the Congressional Budget Office]

The Committee on House Oversight, to whom was referred the bill (H.R. 3760) to amend the Federal Election Campaign Act of 1971 to reform the financing of Federal election campaigns, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Campaign Finance Reform Act of 1996”.

(b) **TABLE OF CONTENTS.**—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

**TITLE I—RESTORING CONTROL OF ELECTIONS TO INDIVIDUALS**

Sec. 101. Requiring majority of House of Representatives candidate funds to come from individuals residing in district.

Sec. 102. Reduction in allowable contribution amounts for political action committees in Federal elections to level allowed for individuals.

Sec. 103. Modification of limitations on contributions when candidates spend or contribute large amounts of personal funds.

Sec. 104. Indexing limits on contributions.

Sec. 105. Prohibition of leadership committees.

Sec. 106. Prohibiting bundling of contributions to candidates by political action committees and lobbyists.

Sec. 107. Definition of independent expenditures.

Sec. 108. Requirements for use of payroll deductions for contributions.

## TITLE II—STRENGTHENING POLITICAL PARTIES

- Sec. 201. Modification of contribution limits and requirements for political parties.
- Sec. 202. Allowing political parties to offset funds carried over from previous elections.
- Sec. 203. Prohibiting use of non-Federal funds in Federal elections.
- Sec. 204. Permitting parties to have unlimited communication with members.
- Sec. 205. Promoting State and local party volunteer and grassroots activity.

## TITLE III—DISCLOSURE AND ENFORCEMENT

- Sec. 301. Timely reporting and increased disclosure.
- Sec. 302. Streamlining procedures and rules of Federal Election Commission.

## TITLE IV—GENERAL PROVISIONS

- Sec. 401. Effective date.
- Sec. 402. Severability.
- Sec. 403. Expedited court review.

**SEC. 2. FINDINGS.**

Congress finds the following:

- (1) Our republican form of government is strengthened when voters choose their representatives in elections that are free of corruption or the appearance of corruption.
- (2) Corruption or the appearance of corruption in elections may evidence itself in many ways:
  - (A) Voters who democratically elect representatives must believe they are fairly represented by those they elect. The current election laws have led many to believe that the interests of those who actually vote for their representatives are less important than those who cannot vote, but who can influence an election by their contributions to the candidates.
  - (B) Failure to disclose, or timely disclose, those who contribute and how much they contribute unnecessarily withholds information voters need to cast ballots with complete confidence, thereby increasing the belief of, or the appearance of, corruption.
  - (C) The diminishing role of political parties, despite parties' long-standing role in advancing broad national agendas, in assisting the election of party candidates, and in organizing members, has relatively enhanced groups that pursue narrower interests. This relative shift of influence has been interpreted by some as corrupting the election process.
  - (D) Complicated and obsolete election laws and rules discourage citizens from becoming candidates, allow for coerced involuntary payments for political purposes, fail to keep contribution amounts current with inflation, and fail to provide reasonable compensating contribution limits for candidates who run against candidates who wish to exercise their constitutional right of spending their own resources. The current state of laws and rules is such that if they do not corrupt, at the very least they unduly hinder fair, honest, and competitive elections.

## TITLE I—RESTORING CONTROL OF ELECTIONS TO INDIVIDUALS

### SEC. 101. REQUIRING MAJORITY OF HOUSE OF REPRESENTATIVES CANDIDATE FUNDS TO COME FROM INDIVIDUALS RESIDING IN DISTRICT.

(a) IN GENERAL.—Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a) is amended by adding at the end the following new subsection:

“(i)(1) A candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress may not accept contributions with respect to an election cycle from persons other than local individual residents totaling in excess of the total of contributions accepted from local individual residents (as determined on the basis of the most recent information included in reports pursuant to section 304(d).

“(2) In determining the amount of contributions accepted by a candidate for purposes of this subsection, contributions of the candidate's personal funds shall be subject to the following rules:

“(A) To the extent that the amount of the contribution does not exceed the limitation on contributions made by an individual under subsection (a)(1)(A), such contribution shall be treated as any other contribution.

“(B) The portion (if any) of the contribution which exceeds the limitation on contributions which may be made by an individual under subsection (a)(1)(A) shall be allocated in accordance with paragraph (8).

“(3) In determining the amount of contributions accepted by a candidate for purposes of this subsection, contributions from a political party or a political party committee shall be allocated in accordance with paragraph (8).

“(4) In determining the amount of contributions accepted by a candidate for purposes of this subsection, any funds remaining in the candidate’s campaign account after the filing of the post-general election report under section 304(a)(2)(A)(ii) for the most recent general election shall be allocated in accordance with paragraph (8).

“(5) In determining the amount of contributions accepted by a candidate for purposes of this subsection, any contributions accepted pursuant to subsection (j) which are from persons other than local individual residents shall be allocated in accordance with paragraph (8).

“(6)(A) Any candidate who accepts contributions that exceed the limitation under this subsection, as determined on the basis of information included in reports pursuant to section 304(d), shall pay to the Commission at the time of the filing of the report which contains the information, for deposit in the Treasury, an amount equal to 3 times the amount of the excess contributions (or, in the case of a candidate described in subparagraph (C), an amount equal to 5 times the amount of the excess contributions plus a civil penalty in an amount determined by the Commission).

“(B) Any amounts paid by a candidate under this paragraph shall be paid from contributions subject to the limitations and prohibitions of this title, including the limitation under this subsection.

“(C) A candidate described in this subparagraph is a candidate who accepts contributions that exceed the limitation under this subsection as of the last day of the period ending on the 20th day before an election or any period ending after such 20th day and before or on the 20th day after such election.

“(7) As used in this subsection, the term ‘local individual resident’ means an individual who resides in the congressional district involved.

“(8) For purposes of this subsection, any amounts allocated in accordance with this paragraph shall be allocated as follows:

“(A) 50 percent of such amounts shall be deemed to be contributions from local individual residents.

“(B) 50 percent of such amounts shall be deemed to be contributions from persons other than local individual residents.”.

(b) REPORTING REQUIREMENTS.—Section 304 of such Act (2 U.S.C. 434) is amended by adding at the end the following new subsection:

“(d) Each principal campaign committee of a candidate for the House of Representatives shall include the following information in reports filed under subsection (a)(2) and subsection (a)(6)(A):

“(1) With respect to each report filed under such subsection—

“(A) the total contributions received by the committee with respect to the election cycle involved from local individual residents (as defined in section 315(i)(7)), as of the last day of the period covered by the report;

“(B) the total contributions received by the committee with respect to the election cycle involved which are not from local individual residents, as of the last day of the period covered by the report; and

“(C) a certification as to whether the contributions reported comply with the limitation under section 315(i), as of the last day of the period covered by the report.

“(2) In the case of the first report filed under such subsection which covers the period which begins 19 days before an election and ends 20 days after the election—

“(A) the total contributions received by the committee with respect to the election cycle involved from local individual residents (as defined in section 315(i)(7)), as of the last day of such period;

“(B) the total contributions received by the committee with respect to the election cycle involved which are not from local individual residents, as of the last day of such period; and

“(C) a certification as to whether the contributions reported comply with the limitation under section 315(i), as of the last day of such period.”.

**SEC. 102. REDUCTION IN ALLOWABLE CONTRIBUTION AMOUNTS FOR POLITICAL ACTION COMMITTEES IN FEDERAL ELECTIONS TO LEVEL ALLOWED FOR INDIVIDUALS.**

(a) IN GENERAL.—Section 315(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by inserting after “Federal office” the following: “or to any other political committee other than a political party committee in any calendar year”,

- (B) in subparagraph (A), by adding “or” at the end,
  - (C) in subparagraph (B), by striking “; or” and inserting a period, and
  - (D) by striking subparagraph (C); and
  - (2) by amending paragraph (2) to read as follows:
    - “(2) No political party committee may make contributions—
      - “(A) to any candidate or the candidate’s authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$5,000; or
      - “(B) to any other political committee other than a political party committee in any calendar year which, in the aggregate, exceed \$5,000.”.
- (b) **POLITICAL PARTY COMMITTEE DEFINED.**—The second sentence of section 315(a)(4) of such Act (2 U.S.C. 441a(a)(4)) is amended to read as follows: “For purposes of this section, the term ‘political party committee’ means a political committee which is a national, State, district, or local political party committee (including any subordinate committee thereof).”
- (c) **CONFORMING AMENDMENTS.**—Section 311(a)(6) of such Act (2 U.S.C. 438(a)(6)) is amended—
- (1) in subparagraph (B), by striking “multi-candidate committees” the first place it appears and inserting “political committees which are not authorized committees of candidates or political party committees”;
  - (2) in subparagraph (B), by striking “multi-candidate committees” the second place it appears and inserting “such committees”; and
  - (3) in subparagraph (C), by striking “multi-candidate committees” and inserting “committees described in subparagraph (B)”.

**SEC. 103. MODIFICATION OF LIMITATIONS ON CONTRIBUTIONS WHEN CANDIDATES SPEND OR CONTRIBUTE LARGE AMOUNTS OF PERSONAL FUNDS.**

(a) **IN GENERAL.**—Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a), as amended by section 101(a), is further amended by adding at the end the following new subsection:

“(j)(1) Notwithstanding subsection (a), if in a general election a House candidate makes expenditures of personal funds (including contributions by the candidate to the candidate’s authorized campaign committee) in an amount in excess of the amount of the limitation established under subsection (a)(1)(A) and less than or equal to \$150,000 (as reported under section 304(a)(2)(A)), a political party committee may make contributions to an opponent of the House candidate without regard to any limitation otherwise applicable to such contributions under subsection (a), except that the opponent may not accept aggregate contributions under this paragraph in an amount greater than the greatest amount of personal funds expended (including contributions to the candidate’s authorized campaign committee) by any House candidate (other than such opponent) with respect to the election (as reported in a notification submitted under section 304(a)(6)(B)).

“(2) If a House candidate makes expenditures of personal funds (including contributions by the candidate to the candidate’s authorized campaign committee) with respect to an election in an amount greater than \$150,000 (as reported under section 304(a)(2)(A)), the following rules shall apply:

“(A) In the case of a general election, the limitations under subsections (a)(1) and (a)(2) (insofar as such limitations apply to political party committees and to individuals) shall not apply to contributions to the candidate or to any opponent of the candidate, except that neither the candidate or any opponent may accept aggregate contributions under this subparagraph and paragraph (1) in an amount greater than the greatest amount of personal funds (including contributions to the candidate’s authorized campaign committee) expended by any House candidate with respect to the election (as reported in a notification submitted under section 304(a)(6)(B)).

“(B) In the case of an election other than a general election, the limitations under subsection (a)(1) (insofar as such limitations apply to individuals) shall not apply to contributions to the candidate or to any opponent of the candidate, except that neither the candidate or any opponent may accept aggregate contributions under this subparagraph in an amount greater than the greatest amount of personal funds (including contributions to the candidate’s authorized campaign committee) expended by any House candidate with respect to the election (as reported in a notification submitted under section 304(a)(6)(B)).

“(3) In this subsection, the term ‘House candidate’ means a candidate in an election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress.”.

(b) **NOTIFICATION OF EXPENDITURES OF PERSONAL FUNDS.**—Section 304(a)(6) of such Act (2 U.S.C. 434(a)(6)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (C); and

(2) by inserting after subparagraph (A) the following new subparagraph:

“(B)(i) The principal campaign committee of a House candidate (as defined in section 315(j)(3)) shall submit the following notifications relating to expenditures of personal funds by such candidate (including contributions by the candidate to such committee):

“(I) A notification of the first such expenditure (or contribution) by which the aggregate amount of personal funds expended (or contributed) with respect to an election exceeds the amount of the limitation established under section 315(a)(1)(A) for elections in the year involved.

“(II) A notification of each such expenditure (or contribution) which, taken together with all such expenditures (and contributions) in any amount not included in the most recent report under this subparagraph, totals \$5,000 or more.

“(III) A notification of the first such expenditure (or contribution) by which the aggregate amount of personal funds expended with respect to the election exceeds the level applicable under section 315(j)(2) for elections in the year involved.

“(ii) Each of the notifications submitted under clause (i)—

“(I) shall be submitted not later than 24 hours after the expenditure or contribution which is the subject of the notification is made;

“(II) shall include the name of the candidate, the office sought by the candidate, and the date of the expenditure or contribution and amount of the expenditure or contribution involved; and

“(III) shall include the total amount of all such expenditures and contributions made with respect to the same election as of the date of expenditure or contribution which is the subject of the notification.”.

#### SEC. 104. INDEXING LIMITS ON CONTRIBUTIONS.

(a) IN GENERAL.—Section 315(c) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(c)) is amended by adding at the end the following new paragraph:

“(3)(A) The amount of each limitation established under subsection (a) shall be adjusted as follows:

“(i) For calendar year 1997, each such amount shall be equal to the amount described in such subsection, increased (in a compounded manner) by the percentage increase in the price index (as defined in subsection (c)(2)) for each year after 1976 and before 1998.

“(ii) For calendar year 1999 and each second subsequent year, each such amount shall be equal to the amount for the second previous year (as adjusted under this subparagraph), increased (in a compounded manner) by the percentage increase in the price index for the previous year and the second previous year.

“(B) In the case of any amount adjusted under this subparagraph which is not a multiple of \$500, the amount shall be rounded to the nearest lowest multiple of \$500.”

(b) APPLICATION OF INDEXING TO SUPPORT OF CANDIDATE’S COMMITTEES.—Section 302(e)(3)(B) of such Act (2 U.S.C. 432(e)(3)(B)) is amended by adding at the end the following new sentence: “The amount described in the previous sentence shall be adjusted (for years beginning with 1997) in the same manner as the amounts of limitations on contributions under section 315(a) are adjusted under section 315(c)(3).”

(c) APPLICATION OF INDEXING TO PROVISIONS RELATING TO PERSONAL FUNDS.—

(1) IN GENERAL.—Section 315(j) of such Act (2 U.S.C. 441a(j)), as added by section 103(a), is amended—

(A) by redesignating paragraph (3) as paragraph (4); and

(B) by inserting after paragraph (2) the following new paragraph:

“(3) Each of the amounts provided under paragraph (1) or (2) shall be adjusted for each biennial period beginning after the 1998 general election in the same manner as the amounts of limitations on contributions established under subsection (a) are adjusted under subsection (c)(3).”

(2) CONFORMING AMENDMENT.—Section 304(a)(6)(B)(i) of such Act (2 U.S.C. 434(a)(6)(B)(i)), as added by section 103(b), is amended by striking “section 315(j)(3)” and inserting “section 315(j)(4)”.

#### SEC. 105. PROHIBITION OF LEADERSHIP COMMITTEES.

(a) LEADERSHIP COMMITTEE PROHIBITION.—Section 302 of the Federal Election Campaign Act of 1971 (2 U.S.C. 432) is amended by adding at the end the following new subsection:

“(j) A candidate for Federal office or an individual holding Federal office may not establish, maintain, finance, or control a political committee, other than a principal campaign committee of the candidate or the individual.”

(b) CONFORMING AMENDMENT RELATING TO JOINT FUNDRAISING.—Section 302(e)(3)(A) of such Act (2 U.S.C. 432(e)(3)) is amended by striking “except that—” and all that follows and inserting the following: “except that the candidate for the office of President nominated by a political party may designate the national committee of such political party as a principal campaign committee, but only if that national committee maintains separate books of account with respect to its function as a principal campaign committee.”

(c) EFFECTIVE DATE; TRANSITION RULE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to elections occurring in years beginning with 1997.

(2) TRANSITION RULE.—

(A) IN GENERAL.—Notwithstanding section 302(j) of the Federal Election Campaign Act of 1971 (as added by subsection (a)), if a political committee established, maintained, financed, or controlled by a candidate for Federal office or an individual holding Federal office (other than a principal campaign committee of the candidate or individual) with respect to an election occurring during 1996 has funds remaining unexpended after the 1996 general election, the committee may make contributions or expenditures of such funds with respect to elections occurring during 1997 or 1998.

(B) DISBANDING COMMITTEES; TREATMENT OF REMAINING FUNDS.—Any political committee described in subparagraph (A) shall be disbanded after filing any post-election reports required under section 304 of the Federal Election Campaign Act of 1971 with respect to the 1998 general election. Any funds of such a committee which remain unexpended after the 1998 general election and before the date on which the committee disbands shall be returned to contributors or available for any lawful purpose other than use by the candidate or individual involved with respect to an election for Federal office.

**SEC. 106. PROHIBITING BUNDLING OF CONTRIBUTIONS TO CANDIDATES BY POLITICAL ACTION COMMITTEES AND LOBBYISTS.**

Section 316 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b) is amended by adding at the end the following new subsection:

“(c)(1) No political action committee or person required to register under the Lobbying Disclosure Act of 1995 (2 U.S.C. 1601 et seq.) may act as an intermediary or conduit with respect to a contribution to a candidate for Federal office.

“(2) In this subsection, the term ‘political action committee’ means any political committee which is not—

“(A) the principal campaign committee of a candidate; or

“(B) a political party committee.”

**SEC. 107. DEFINITION OF INDEPENDENT EXPENDITURES.**

Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by striking paragraph (17) and inserting the following:

“(17)(A) The term ‘independent expenditure’ means an expenditure by a person for a communication expressly advocating the election or defeat of a clearly identified candidate which is not made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of such candidate.

“(B) For purposes of this paragraph—

“(i) ‘expressly advocating the election or defeat’ means the use in the communication of explicit words such as ‘vote for’, ‘reelect’, ‘support’, ‘cast your ballot for’, ‘vote against’, ‘defeat’, or ‘reject’, accompanied by a reference in the communication to one or more clearly identified candidates, or words such as ‘vote’ for or against a position on an issue, accompanied by a listing in the communication of one or more clearly identified candidates described as for or against a position on that issue;

“(ii) ‘which is not made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of such candidate’ refers to the expenditure in question for the communication made by the person; and

“(iii) the term ‘agent’ means any person who has actual oral or written authority, either express or implied, to make or authorize the making of expenditures on behalf of a candidate.

“(C) An expenditure by a person for a communication which does not contain explicit words expressly advocating the election or defeat of a clearly identified candidate shall not be considered an independent expenditure.”.

**SEC. 108. REQUIREMENTS FOR USE OF PAYROLL DEDUCTIONS FOR CONTRIBUTIONS.**

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) is amended by adding at the end the following new section:

“USE OF PAYROLL DEDUCTIONS FOR CONTRIBUTIONS

“SEC. 323. (a) REQUIREMENTS FOR AUTHORIZATION OF DEDUCTION.—

“(1) IN GENERAL.—No amounts withheld from an individual’s wages or salary during a year may be used for any contribution under this title unless there is in effect an authorization in writing by the individual permitting the withholding of such amounts for the contribution.

“(2) PERIOD OF AUTHORIZATION.—An authorization described in this subsection may be in effect with respect to an individual for such period as the individual may specify (subject to cancellation under paragraph (3)), except that the period may not be longer than 12 months.

“(3) RIGHT OF CANCELLATION.—An individual with an authorization in effect under this subsection may cancel or revise the authorization at any time.

“(b) INFORMATION PROVIDED BY WITHHOLDING ENTITY.—

“(1) IN GENERAL.—Each entity withholding wages or salary from an individual with an authorization in effect under subsection (a) shall provide the individual with a statement that the individual may at any time cancel or revise the authorization in accordance with subsection (a)(3).

“(2) TIMING OF NOTICE.—The entity shall provide the information described in paragraph (1) to an individual at the beginning of each calendar year occurring during the period in which the individual’s authorization is in effect.”.

## **TITLE II—STRENGTHENING POLITICAL PARTIES**

**SEC. 201. MODIFICATION OF CONTRIBUTION LIMITS AND REQUIREMENTS FOR POLITICAL PARTIES.**

(a) TREATMENT OF PARTY CONTRIBUTIONS UNDER AGGREGATE INDIVIDUAL CAP.—Section 315(a)(3) of the Federal Election Campaign Act (2 U.S.C. 441a(a)(3)) is amended by adding at the end the following new sentence: “For purposes of this paragraph, in determining the amount of contributions made by an individual there shall be excluded any contributions made by the individual to a political party or a political party committee.”.

(b) LIMITATION AMOUNT FOR CONTRIBUTIONS TO STATE POLITICAL PARTIES.—Section 315(a)(1)(B) of such Act (2 U.S.C. 441a(a)(1)(B)) is amended by inserting after “national” the following: “or State”.

**SEC. 202. ALLOWING POLITICAL PARTIES TO OFFSET FUNDS CARRIED OVER FROM PREVIOUS ELECTIONS.**

Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a), as amended by sections 101 and 103(a), is further amended by adding at the end the following new subsection:

“(k)(1) Subject to paragraph (2), if, in a general election for Federal office, a candidate who is the incumbent uses campaign funds carried forward from an earlier election cycle, any political party committee may make contributions to the nominee of that political party to match the funds so carried forward by such incumbent. For purposes of this paragraph, funds shall be considered to have been carried forward if the funds represent cash on hand as reported in the applicable post-general election report filed under section 304(a) for the general election involved, plus any amount expended on or before the filing of the report for a later election, less legitimate outstanding debts relating to the previous election up to the amount reported.

“(2) The political party contributions under paragraph (1) may be made without regard to any limitation amount otherwise applicable to such contributions made under subsections (a) or (i), but a candidate may not accept contributions under this subsection in excess of the total of funds carried forward by the incumbent candidate.”.

**SEC. 203. PROHIBITING USE OF NON-FEDERAL FUNDS IN FEDERAL ELECTIONS.**

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.), as amended by section 108, is further amended by adding at the end the following new section:

**“RESTRICTIONS ON USE OF NON-FEDERAL FUNDS**

**“SEC. 324. (a) PROHIBITING USE OF FUNDS IN FEDERAL ELECTIONS.—**No funds may be expended by a political party committee for the purpose of influencing an election for Federal office unless the funds are subject to the limitations and prohibitions of this Act, except as may be provided in this section.

**“(b) RESTRICTIONS ON USE OF FUNDS FOR MIXED ACTIVITIES.—**

**“(1) PROHIBITING USE BY NATIONAL PARTY COMMITTEES.—**A national committee of a political party (including any subordinate committee thereof) may not use any funds which are not subject to the limitations and prohibitions of this Act for any mixed activity.

**“(2) MIXED ACTIVITY DEFINED.—**In this subsection, the term ‘mixed activity’ means any activity which is both for the purpose of influencing an election for Federal office and for any purpose unrelated to influencing an election for Federal office, including voter registration, absentee ballot programs, and get-out-the-vote programs, but does not include the payment of any administrative or overhead costs, including salaries (other than payments made to individuals for get-out-the-vote activities conducted on the day of an election), rent, fundraising, or communications to members of a political party.

**“(c) RESTRICTIONS ON USE OF FUNDS FOR MIXED CANDIDATE-SPECIFIC ACTIVITIES.—**

**“(1) REQUIRING ALLOCATION AMONG CANDIDATES.—**A political party committee may use funds which are not subject to the limitations and prohibitions of this Act for mixed candidate-specific activities if the funds are allocated among the candidates involved on the basis of the time and space allocated to the candidates.

**“(2) MIXED CANDIDATE-SPECIFIC ACTIVITY DEFINED.—**In this subsection, the term ‘mixed candidate-specific activity’ means any activity which is both for the purpose of promoting a specific candidate or candidates in an election for Federal office and for the purpose of promoting a specific candidate or candidates in any other election.”

**SEC. 204. PERMITTING PARTIES TO HAVE UNLIMITED COMMUNICATION WITH MEMBERS.**

**(a) IN GENERAL.—**Section 315(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(d)) is amended by adding at the end the following new paragraph:

**“(4)(A) For purposes of applying the limitations established under paragraphs (2) and (3), in determining the amount of expenditures made by a national committee of a political party or a State committee of a political party (including any subordinate committee of a State committee), there shall be excluded any amounts expended by the committee for communications to the extent the communications are made to members of the party.**

**“(B) For purposes of subparagraph (A), an individual shall be considered to be a ‘member’ of a political party if any of the following apply:**

**“(i) The individual is registered to vote as a member of the party.**

**“(ii) There is a public record that the individual voted in the primary of the party during the most recent primary election.**

**“(iii) The individual has made a contribution to the party and the contribution has been reported to the Commission (in accordance with this Act) or to a State reporting agency.**

**“(iv) The individual has indicated in writing that the individual is a member of the party.”**

**(b) FUNDS AVAILABLE FOR PARTY COMMUNICATIONS.—**Section 324 of such Act, as added by section 203, is amended by adding at the end the following new subsection:

**“(d) FUNDS FOR PARTY COMMUNICATIONS WITH MEMBERS.—**Subsection (a) shall not apply with respect to funds expended by a political party for communications to the extent the communications are made to members of the party (as determined in accordance with section 315(d)(4)), except that any communications which are both for the purpose of expressly advocating the election or defeat of a specific candidate for election to Federal office and for any other purpose shall be subject to allocation in the same manner as funds expended for mixed candidate-specific activities under subsection (c).”

**SEC. 205. PROMOTING STATE AND LOCAL PARTY VOLUNTEER AND GRASSROOTS ACTIVITY.**

**(a) ENCOURAGING STATE AND LOCAL PARTY ACTIVITIES.—**

(1) CONTRIBUTIONS.—Section 301(8)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)) is amended—

- (A) by striking “and” at the end of clause (xiii);
- (B) by striking the period at the end of clause (xiv) and inserting “; and”;
- and
- (C) by adding at the end the following new clause:
  - “(xv) the payment by a State or local committee of a political party for any of the following activities:

- “(I) The listing of the slate of the party’s candidates, including the communication of the slate to the public.

- “(II) The mailing of materials for or on behalf of specific candidates by volunteers (including labeling envelopes or affixing postage or other indicia to particular pieces of mail), other than the mailing of materials to a commercial list.

- “(III) Conducting a telephone bank for or on behalf of specific candidates staffed by volunteers.

- “(IV) The distribution of collateral materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs) for or on behalf of specific candidates (whether by volunteers or otherwise).”

(2) EXPENDITURES.—Section 301(9)(B) of such Act (2 U.S.C. 431(9)(B)) is amended—

- (A) by striking “and” at the end of clause (ix);
- (B) by striking the period at the end of clause (x) and inserting “; and”;
- and
- (C) by adding at the end the following new clause:
  - “(xi) the payment by a State or local committee of a political party for any of the following activities:

- “(I) The listing of the slate of the party’s candidates, including the communication of the slate to the public.

- “(II) The mailing of materials for or on behalf of specific candidates by volunteers (including labeling envelopes or affixing postage or other indicia to particular pieces of mail), other than the mailing of materials to a commercial list.

- “(III) Conducting a telephone bank for or on behalf of specific candidates staffed by volunteers.

- “(IV) The distribution of collateral materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs) for or on behalf of specific candidates (whether by volunteers or otherwise).”

(3) CONFORMING AMENDMENTS.—(A) Section 301(8)(B)(x) of such Act (2 U.S.C. 431(8)(B)(x)) is amended by striking “in connection with volunteer activities on behalf of nominees of such party” and inserting “in connection with State or local activities, other than any payment described in clause (xv)”.

(B) Section 301(9)(B)(viii) of such Act (2 U.S.C. 431(9)(B)(viii)) is amended by striking “in connection with volunteer activities on behalf of nominees of such party” and inserting “in connection with State or local activities, other than any payment described in clause (xi)”.

(b) FUNDS AVAILABLE FOR ACTIVITIES.—

(1) PERMITTING USE OF NON-FEDERAL FUNDS FOR MIXED ACTIVITIES.—Section 324(b) of such Act, as added by section 203, is amended—

- (A) by redesignating paragraph (2) as paragraph (3); and
- (B) by inserting after paragraph (1) the following new paragraph:
  - “(2) USE BY STATE OR LOCAL PARTY COMMITTEES.—A State, local, or district committee of a political party (including any subordinate committee thereof) may use funds which are not subject to the limitations and prohibitions of this Act for mixed activity if the funds are allocated in accordance with the process described in subsection (g).”

(2) FUNDS AVAILABLE FOR STATE AND LOCAL PARTIES.—Section 324 of such Act, as added by section 203 and as amended by section 204(b), is amended by adding at the end the following new subsection:

“(e) FUNDS AVAILABLE FOR STATE AND LOCAL PARTY VOLUNTEER AND GRASSROOTS ACTIVITIES.—Subsection (a) shall not apply with respect to payments described in section 301(8)(B)(xv) or section 301(9)(B)(xi), except that any payments which are both for the purpose of expressly advocating the election or defeat of a specific candidate for election to Federal office and for any other purpose shall be subject to allocation in the same manner as funds expended for mixed candidate-specific activities under subsection (c).”

(3) TREATMENT OF INTRA-PARTY TRANSFERS.—Section 324 of such Act, as added by section 203 and as amended by section 204(b) and paragraph (2), is amended by adding at the end the following new subsection:

“(f) RULE OF CONSTRUCTION REGARDING INTRA-PARTY TRANSFERS.—Nothing in this section shall be construed to prohibit the transfer between and among national, State, or local party committees (including any subordinate committees thereof) of funds which are not subject to the limitations and prohibitions of this Act.”.

(4) ALLOCATION PROCEDURES DESCRIBED.—Section 324 of such Act, as added by section 203 and as amended by section 204(b) and paragraphs (2) and (3), is amended by adding at the end the following new subsection:

“(g) STATE AND LOCAL PARTY COMMITTEES; METHOD FOR ALLOCATING EXPENDITURES FOR MIXED ACTIVITIES.—

“(1) GENERAL RULE.—All State and local party committees except those covered by paragraph (2) shall allocate their expenses for mixed activities, as described in subsection (b)(2), according to the ballot composition method described as follows:

“(A) Under this method, expenses shall be allocated based on the ratio of Federal offices expected on the ballot to total Federal and non-Federal offices expected on the ballot in the next general election to be held in the committee’s State or geographic area. This ratio shall be determined by the number of categories of Federal offices on the ballot and the number of categories of non-Federal offices on the ballot, as described in subparagraph (B).

“(B) In calculating a ballot composition ratio, a State or local party committee shall count the Federal offices of President, United States Senator, and United States Representative, if expected on the ballot in the next general election, as one Federal office each. The committee shall count the non-Federal offices of Governor, State Senator, and State Representative, if expected on the ballot in the next general election, as one non-Federal office each. The committee shall count the total of all other partisan statewide executive candidates, if expected on the ballot in the next general election, as a maximum of two non-Federal offices. State party committees shall also include in the ratio one additional non-Federal office if any partisan local candidates are expected on the ballot in any regularly scheduled election during the 2 year congressional election cycle. Local party committees shall also include in the ratio a maximum of 2 additional non-Federal offices if any partisan local candidates are expected on the ballot in any regularly scheduled election during the 2 year congressional election cycle. State and local party committees shall also include in the ratio 1 additional non-Federal office.

“(2) EXCEPTION FOR STATES THAT DO NOT HOLD FEDERAL AND NON-FEDERAL ELECTIONS IN THE SAME YEAR.—State and local party committees in states that do not hold Federal and non-Federal elections in the same year shall allocate the costs of mixed activities according to the ballot composition method described in paragraph (1), based on a ratio calculated for that calendar year.”.

## TITLE III—DISCLOSURE AND ENFORCEMENT

### SEC. 301. TIMELY REPORTING AND INCREASED DISCLOSURE.

#### (a) DEADLINE FOR FILING.—

(1) REQUIRING REPORTS FOR ALL CONTRIBUTIONS MADE WITHIN 20 DAYS OF ELECTION; REQUIRING REPORTS TO BE MADE WITHIN 24 HOURS.—Section 304(a)(6)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(a)(6)(A)) is amended—

(A) by striking “after the 20th day, but more than 48 hours before any election” and inserting “during the period which begins on the 20th day before an election and ends at the time the polls close for such election”; and

(B) by striking “48 hours” the second place it appears and inserting the following: “24 hours (or, if earlier, by midnight of the day on which the contribution is deposited)”.

#### (2) REQUIRING ACTUAL DELIVERY BY DEADLINE.—

(A) IN GENERAL.—Section 304(a)(6) of such Act (2 U.S.C. 434(a)(6)), as amended by section 103(b), is further amended by adding at the end the following new subparagraph:

“(D) Notwithstanding paragraph (5), the time at which a notification or report under this paragraph is received by the Secretary, the Commission, or any other re-

recipient to whom the notification is required to be sent shall be considered the time of filing of the notification or report with the recipient.”.

(B) CONFORMING AMENDMENT.—Section 304(a)(5) of such Act (2 U.S.C. 434(a)(5)) is amended by striking “paragraph (2)(A)(i) or (4)(A)(ii)” and inserting “paragraphs (2)(A)(i), (4)(A)(ii), or (6)”.

(b) INCREASING ELECTRONIC DISCLOSURE.—Section 304(a)(6) of such Act (2 U.S.C. 434(a)(6)), as amended by section 103(b) and subsection (a)(2)(A), is further amended by adding at the end the following new subparagraph:

“(E)(i) The Commission shall make the information contained in the reports submitted under this paragraph available on the Internet and publicly available at the offices of the Commission as soon as practicable (but in no case later than 24 hours) after the information is received by the Commission.

“(ii) In this subparagraph, the term ‘Internet’ means the international computer network of both Federal and non-Federal interoperable packet-switched data networks.”.

(c) CHANGE IN CERTAIN REPORTING FROM A CALENDAR YEAR BASIS TO AN ELECTION CYCLE BASIS.—Section 304(b) of such Act (2 U.S.C. 434(b)) is amended by inserting “(or election cycle, in the case of an authorized committee of a candidate for Federal office)” after “calendar year” each place it appears in paragraphs (2), (3), (4), (6), and (7).

(d) CLARIFICATION OF PERMISSIBLE USE OF FACSIMILE MACHINES TO FILE REPORTS.—Section 304(a)(11)(A) of such Act (2 U.S.C. 434(a)(11)) is amended by striking “method,” and inserting “method (including by facsimile device in the case of any report required to be filed within 24 hours after the transaction reported has occurred),”.

(e) REQUIRING RECEIPT OF INDEPENDENT EXPENDITURE REPORTS WITHIN 24 HOURS.—

(1) IN GENERAL.—Section 304(c)(2) of such Act (2 U.S.C. 434(c)(2)) is amended in the matter following subparagraph (C)—

(A) by striking “shall be reported” and inserting “shall be filed”; and

(B) by adding at the end the following new sentence: “Notwithstanding subsection (a)(5), the time at which the statement under this subsection is received by the Secretary, the Commission, or any other recipient to whom the notification is required to be sent shall be considered the time of filing of the statement with the recipient.”.

(2) CONFORMING AMENDMENT.—Section 304(a)(5) of such Act (2 U.S.C. 434(a)(5)), as amended by subsection (a)(2)(B), is further amended by striking “or (6)” and inserting “or (6), or subsection (c)(2)”.

(f) REQUIRING RECORD KEEPING AND REPORTING OF SECONDARY PAYMENTS BY CAMPAIGN COMMITTEES.—

(1) REPORTING.—Section 304(b)(5)(A) of such Act (2 U.S.C. 434(b)(5)(A)) is amended by striking the semicolon at the end and inserting the following: “, and, if such person in turn makes expenditures which aggregate \$500 or more in an election cycle to other persons (not including employees) who provide goods or services to the candidate or the candidate’s authorized committees, the name and address of such other persons, together with the date, amount, and purpose of such expenditures;”.

(2) RECORD KEEPING.—Section 302 of such Act (2 U.S.C. 432), as amended by section 105(a), is further amended by adding at the end the following new subsection:

“(k) A person described in section 304(b)(5)(A) who makes expenditures which aggregate \$500 or more in an election cycle to other persons (not including employees) who provide goods or services to a candidate or a candidate’s authorized committees shall provide to a political committee the information necessary to enable the committee to report the information described in such section.”.

(3) NO EFFECT ON OTHER REPORTS.—Nothing in the amendments made by this subsection may be construed to affect the terms of any other recordkeeping or reporting requirements applicable to candidates or political committees under title III of the Federal Election Campaign Act of 1971.

(g) INCLUDING REPORT ON CUMULATIVE CONTRIBUTIONS AND EXPENDITURES IN POST ELECTION REPORTS.—Section 304(a)(7) of such Act (2 U.S.C. 434(a)(7)) is amended—

(1) by striking “(7)” and inserting “(7)(A)”; and

(2) by adding at the end the following new subparagraph:

“(B) In the case of any report required to be filed by this subsection which is the first report required to be filed after the date of an election, the report shall include a statement of the total contributions received and expenditures made as of the date of the election.”.

(h) INCLUDING INFORMATION ON AGGREGATE CONTRIBUTIONS IN REPORT ON ITEMIZED CONTRIBUTIONS.—Section 304(b)(3) of such Act (2 U.S.C. 434(b)(3)) is amended—

(1) in subparagraph (A), by inserting after “such contribution” the following: “and the total amount of all such contributions made by such person with respect to the election involved”; and

(2) in subparagraph (B), by inserting after “such contribution” the following: “and the total amount of all such contributions made by such committee with respect to the election involved”.

**SEC. 302. STREAMLINING PROCEDURES AND RULES OF FEDERAL ELECTION COMMISSION.**

(a) STANDARDS FOR COMMISSION REGULATION AND JUDICIAL INTERPRETATION.—Section 307 of the Federal Election Campaign Act of 1971 (2 U.S.C. 437d) is amended by adding at the end the following new subsection:

“(f)(1) When developing prescribed forms and making, amending, or repealing rules pursuant to the authority granted to the Commission by subsection (a)(8), the Commission shall act in a manner that will have the least restrictive effect on the rights of free speech and association so protected by the First Article of Amendment to the Constitution of the United States.

“(2) When the Commission’s actions under paragraph (1) are challenged, a reviewing court shall hold unlawful and set aside any actions of the Commission that do not conform with the principles set forth in paragraph (1).”.

(b) WRITTEN RESPONSES TO QUESTIONS.—

(1) IN GENERAL.—Title III of such Act (2 U.S.C. 431 et seq.) is amended by inserting after section 308 the following new section:

“OTHER WRITTEN RESPONSES TO QUESTIONS

“SEC. 308A. (a) PERMITTING RESPONSES.—In addition to issuing advisory opinions under section 308, the Commission shall issue written responses pursuant to this section with respect to a written request concerning the application of this Act, chapter 95 or chapter 96 of the Internal Revenue Code of 1986, a rule or regulation prescribed by the Commission, or an advisory opinion issued by the Commission under section 308, with respect to a specific transaction or activity by the person, if the Commission finds the application of the Act, chapter, rule, regulation, or advisory opinion to the transaction or activity to be clear and unambiguous.

“(b) PROCEDURE FOR RESPONSE.—

“(1) ANALYSIS BY STAFF.—The staff of the Commission shall analyze each request submitted under this section. If the staff believes that the standard described in subsection (a) is met with respect to the request, the staff shall circulate a statement to that effect together with a draft response to the request to the members of the Commission.

“(2) ISSUANCE OF RESPONSE.—Upon the expiration of the 3-day period beginning on the date the statement and draft response is circulated (excluding weekends or holidays), the Commission shall issue the response, unless during such period any member of the Commission objects to issuing the response.

“(c) EFFECT OF RESPONSE.—

“(1) SAFE HARBOR.—Notwithstanding any other provisions of law, any person who relies upon any provision or finding of a written response issued under this section and who acts in good faith in accordance with the provisions and findings of such response shall not, as a result of any such act, be subject to any sanction provided by this Act or by chapter 95 or chapter 96 of the Internal Revenue Code of 1986.

“(2) NO RELIANCE BY OTHER PARTIES.—Any written response issued by the Commission under this section may only be relied upon by the person involved in the specific transaction or activity with respect to which such response is issued, and may not be applied by the Commission with respect to any other person or used by the Commission for enforcement or regulatory purposes.

“(d) PUBLICATION OF REQUESTS AND RESPONSES.—The Commission shall make public any request for a written response made, and the responses issued, under this section. In carrying out this subsection, the Commission may not make public the identity of any person submitting a request for a written response unless the person specifically authorizes the Commission to do so.

“(e) COMPILATION OF INDEX.—The Commission shall compile, publish, and regularly update a complete and detailed index of the responses issued under this section through which responses may be found on the basis of the subjects included in the responses.”.

- (2) CONFORMING AMENDMENT.—Section 307(a)(7) of such Act (2 U.S.C. 437d(a)(7)) is amended by striking “of this Act” and inserting “and other written responses under section 308A”.
- (c) OPPORTUNITY FOR ORAL ARGUMENTS BEFORE COMMISSION.—Section 309(a)(3) of such Act (2 U.S.C. 437g(a)(3)) is amended—
- (1) by striking “(3)” and inserting “(3)(A)”; and
  - (2) by adding at the end the following new subparagraph:
 

“(B) If a respondent submits a brief under subparagraph (A), the respondent may submit (at the time of submitting the brief) a request to present an oral argument in support of the respondent’s brief before the Commission. If at least 2 members of the Commission approve of the request, the respondent shall be permitted to appear before the Commission in open session and make an oral presentation in support of the brief and respond to questions of members of the Commission. Such appearance shall take place at a time specified by the Commission during the 30-day period which begins on the date the request is approved, and the Commission may limit the length of the respondent’s appearance to such period of time as the Commission considers appropriate. Any information provided by the respondent during the appearance shall be considered by the Commission before proceeding under paragraph (4).”
- (d) INDEX OF ADVISORY OPINIONS.—
- (1) IN GENERAL.—Section 308 of the Federal Election Campaign Act of 1971 (2 U.S.C. 437f) is amended by adding at the end the following new subsection:
 

“(e) The Commission shall compile, publish, and regularly update a complete and detailed index of the advisory opinions issued under this section through which opinions may be found on the basis of the subjects included in the opinions.”
  - (2) EFFECTIVE DATE.—The Federal Election Commission shall first publish the index of advisory opinions described in section 308(e) of the Federal Election Campaign Act of 1971 (as added by paragraph (1)) not later than 60 days after the date of the enactment of this Act.
- (e) STANDARD FOR INITIATION OF ACTIONS.—Section 309(a)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)(2)) is amended by striking “it has reason to believe” and all that follows through “of 1954,” and inserting the following: “it has a reason to investigate a possible violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1986 that has occurred or is about to occur (based on the same criteria applicable under this paragraph prior to the enactment of the Campaign Finance Reform Act of 1996).”
- (f) APPLICATION OF AGGREGATE CONTRIBUTION LIMIT ON CALENDAR YEAR BASIS DURING NON-ELECTION YEARS.—Section 315(a)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(3)) is amended by striking the second sentence.
- (g) REPEAL REPORT BY SECRETARY OF COMMERCE ON DISTRICT-SPECIFIC VOTING AGE POPULATION.—Section 315(e) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(e)) is amended by striking “States, of each State, and of each congressional district” and inserting “States and of each State”.
- (h) COMMERCIALLY REASONABLE LOANS NOT TO BE TREATED AS CONTRIBUTIONS BY LENDER.—Section 301(8)(B)(vii) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)(vii)) is amended—
- (1) by striking “or a depository” and inserting “a depository”; and
  - (2) by inserting after “Administration,” the following: “or any other commercial lender.”
- (i) ABOLITION OF EX OFFICIO MEMBERSHIP OF CLERK OF HOUSE OF REPRESENTATIVES ON COMMISSION.—Section 306(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437c(a)) is amended—
- (1) in paragraph (1), by striking “and the Clerk” and all that follows through “designees” and inserting “or the designee of the Secretary”; and
  - (2) in paragraphs (3), (4), and (5), by striking “and the Clerk of the House of Representatives” each place it appears.
- (j) GRANTING COMMISSION AUTHORITY TO WAIVE REPORTING REQUIREMENTS.—Section 304 of such Act (2 U.S.C. 434), as amended by section 101(b), is further amended by adding at the end the following new subsection:
 

“(e) The Commission may by unanimous vote relieve any person or category of persons of the obligation to file any of the reports required by this section, or may change the due dates of any of the reports required by this section, if it determines that such action is consistent with the purposes of this title. The Commission may waive requirements to file reports or change due dates in accordance with this subsection through a rule of general applicability or, in a specific case, by notifying all the political committees involved.”

- (k) PERMITTING CORPORATIONS TO COMMUNICATE WITH ALL EMPLOYEES.—

(1) IN GENERAL.—Section 316(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b(b)) is amended by striking “executive or administrative personnel” each place it appears in paragraphs (2)(A), (2)(B), (4)(A)(i), (4)(D), and (5) and inserting “officers or employees”.

(2) CONFORMING AMENDMENT.—Section 316(b) of such Act is amended by striking paragraph (7).

(1) PERMITTING UNLIMITED SOLICITATIONS BY CORPORATIONS OR LABOR ORGANIZATIONS; PROTECTING CONFIDENTIALITY OF CONTRIBUTIONS NOT GREATER THAN \$100.—Section 316(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b(b)(3)), as amended by subsection (k)(2), is amended—

(1) in paragraph (4)(A), by striking “(B), (C),” and inserting “(C)”;

(2) in paragraph (4)(A)(ii), by striking the period at the end and inserting the following: “, its officers or employees and their families, employees who are not members and their families, and officers, employees, or stockholders of a corporation (and their families) in which the labor organization represents members working for the corporation.”;

(3) in paragraph (4), by striking subparagraph (B); and

(4) by adding at the end the following new paragraph:

“(7)(A) Any corporation or labor organization (or separate segregated fund established by such a corporation or such a labor organization) making solicitations of contributions shall make such solicitations in a manner that ensures that the corporation, organization, or fund cannot determine who makes a contribution of \$100 or less as a result of such solicitation and who does not make such a contribution.

“(B) Subparagraph (A) shall not apply with respect to any solicitation of contributions of a corporation from its stockholders.”.

(m) GREATER PROTECTION AGAINST FORCE AND REPRISALS.—Section 316(b)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b(b)(3)), is amended—

(1) by redesignating subparagraphs (A) through (C) as subparagraphs (B) through (D); and

(2) by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

“(A) for such a fund to cause another person to make a contribution or expenditure by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal.”.

(n) REQUIRING COMPLAINANT TO PROVIDE NOTICE TO RESPONDENTS.—Section 309(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)(1)) is amended by striking the third sentence and inserting the following: “The complaint shall include the names and addresses of persons alleged to have committed such a violation. Within 5 days after receipt of the complaint, the Commission shall provide written notice of the complaint together with a copy of the complaint to each person described in the previous sentence, except that if the Commission determines that it is not necessary for a person described in the previous sentence to receive a copy of the complaint, the Commission shall provide the person with written notice that the complaint has been filed, together with written instructions on how to obtain a copy of the complaint without charge from the Commission.”.

(o) STANDARD FORM FOR COMPLAINTS; STRONGER DISCLAIMER LANGUAGE.—

(1) STANDARD FORM.—Section 309(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)(1)) is amended by inserting after “shall be notarized,” the following: “shall be in a standard form prescribed by the Commission, shall not include (but may refer to) extraneous materials,”.

(2) DISCLAIMER LANGUAGE.—Section 309(a)(1) of such Act (2 U.S.C. 437g(a)(1)) is amended—

(A) by striking “(a)(1)” and inserting “(a)(1)(A)”;

(B) by adding at the end the following new subparagraph:

“(B) The written notice of a complaint provided by the Commission under subparagraph (A) to a person alleged to have committed a violation referred to in the complaint shall include a cover letter (in a form prescribed by the Commission) and the following statement: ‘The enclosed complaint has been filed against you with the Federal Election Commission. The Commission has not verified or given official sanction to the complaint. The Commission will make no decision to pursue the complaint for a period of at least 15 days from your receipt of this complaint. You may, if you wish, submit a written statement to the Commission explaining why the Commission should take no action against you based on this complaint. If the Commission should decide to investigate, you will be notified and be given further opportunity to respond.’”.

(p) BANNING ACCEPTANCE OF CASH CONTRIBUTIONS GREATER THAN \$100.—Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a), as amended by

sections 101, 103(a)(1), and 202, is further amended by adding at the end the following new subsection:

<sup>(l)</sup>(1) No candidate or political committee may accept any contributions of currency of the United States or currency of any foreign country from any person which, in the aggregate, exceed \$100.”

(q) APPOINTMENT AND SERVICE OF STAFF DIRECTOR AND GENERAL COUNSEL OF COMMISSION.—

(1) APPOINTMENT; LENGTH OF TERM OF SERVICE.—

(A) IN GENERAL.—The first sentence of section 306(f)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437c(f)(1)) is amended by striking “by the Commission” and inserting the following: “by an affirmative vote of not less than 4 members of the Commission and may not serve for a term of more than 4 consecutive years without reappointment in accordance with this paragraph”.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall apply with respect to any individual serving as the staff director or general counsel of the Federal Election Commission on or after January 1, 1997, without regard to whether or not the individual served as staff director or general counsel prior to such date.

(2) TREATMENT OF INDIVIDUALS FILLING VACANCIES; TERMINATION OF AUTHORITY UPON EXPIRATION OF TERM.—Section 306(f)(1) of such Act (2 U.S.C. 437c(f)(1)) is amended by inserting after the first sentence the following new sentences: “An individual appointed as a staff director or general counsel to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the individual he or she succeeds. An individual serving as staff director or general counsel may not serve in any capacity on behalf of the Commission after the expiration of the individual’s term unless reappointed in accordance with this paragraph.”

(3) APPOINTMENT OF ADDITIONAL STAFF.—

(A) IN GENERAL.—The last sentence of section 306(f)(1) of such Act (2 U.S.C. 437c(f)(1)) is amended by inserting “not less than 4 members of” after “approval of”.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall apply with respect to personnel appointed on or after January 1, 1997.

(r) ENCOURAGING CITIZEN GRASSROOTS ACTIVITY ON BEHALF OF FEDERAL CANDIDATES.—

(1) EXEMPTION OF INDIVIDUAL CONTRIBUTIONS UNDER \$100.—Section 301(8)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)), as amended by section 205(a), is further amended—

(A) by striking “and” at the end of clause (xiv);

(B) by striking the period at the end of clause (xv) and inserting “; and”; and

(C) by adding at the end the following new clause:

“(xvi) any payment of funds on behalf of a candidate (whether in cash or in kind, but not including a direct payment of cash to a candidate or a political committee of the candidate) by an individual from the individual’s personal funds which in the aggregate does not exceed \$100, if the funds are used for activities carried out by the individual or a member of the individual’s family.”

(2) EXEMPTION OF INDIVIDUAL EXPENDITURES UNDER \$100.—Section 301(9)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(9)(B)), as amended by section 205(b), is amended—

(A) by striking “and” at the end of clause (x);

(B) by striking the period at the end of clause (xi) and inserting “; and”; and

(C) by adding at the end the following new clause:

“(xii) any payment of funds on behalf of a candidate (whether in cash or in kind, but not including a direct payment of cash to a candidate or a political committee of the candidate) by an individual from the individual’s personal funds which in the aggregate does not exceed \$100, if the funds are used for activities carried out by the individual or a member of the individual’s family.”

(s) PERMITTING PARTNERSHIPS TO SOLICIT CONTRIBUTIONS AND PAY ADMINISTRATIVE COSTS OF POLITICAL COMMITTEES IN SAME MANNER AS CORPORATIONS AND LABOR UNIONS.—

(1) TREATMENT OF CONTRIBUTIONS.—Section 301(8)(B) of the Federal Election Campaign Act (2 U.S.C. 431(8)(B)), as amended by section 205(a) and subsection (r)(1), is amended—

(A) by striking “and” at the end of clause (xv);

(B) by striking the period at the end of clause (xvi) and inserting “; and”;  
and

(C) by adding at the end the following new clause:

“(xvii) any payment made or obligation incurred by a partnership in the establishment and maintenance of a political committee, the administration of such a political committee, or the solicitation of contributions to such committee.”.

(2) TREATMENT OF EXPENDITURES.—Section 301(9)(B) of such Act (2 U.S.C. 431(9)(B)), as amended by section 205(b) and subsection (r)(2), is amended—

(A) by striking “and” at the end of clause (xi);

(B) by striking the period at the end of clause (xii) and inserting “; and”;  
and

(C) by adding at the end the following new clause:

“(xiii) any payment made or obligation incurred by a partnership in the establishment and maintenance of a political committee, the administration of such a political committee, or the solicitation of contributions to such committee.”.

## TITLE IV—GENERAL PROVISIONS

### SEC. 401. EFFECTIVE DATE.

Except as otherwise specifically provided, this Act and the amendments made by this Act shall take effect January 1, 1997.

### SEC. 402. SEVERABILITY.

If any provision of this Act or any amendment made by this Act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

### SEC. 403. EXPEDITED COURT REVIEW.

(a) RIGHT TO BRING ACTION.—The Federal Election Commission, a political committee under title III of the Federal Election Campaign Act of 1971, or any individual eligible to vote in any election for the office of President of the United States may institute an action in an appropriate district court of the United States (including an action for declaratory judgment) as may be appropriate to construe the constitutionality of any provision of this Act or any amendment made by this Act.

(b) HEARING BY THREE-JUDGE COURT.—Upon the institution of an action described in subsection (a), a district court of three judges shall immediately be convened to decide the action pursuant to section 2284 of title 28, United States Code. Such action shall be advanced on the docket and expedited to the greatest extent possible.

(c) APPEAL OF INITIAL DECISION TO SUPREME COURT.—An appeal may be taken directly to the Supreme Court of the United States from any interlocutory order or final judgment, decree, or order issued by the court of 3 judges convened pursuant to subsection (b) in an action described in subsection (a). Such appeal shall be brought not later than 20 days after the issuance by the court of the judgment, decree, or order.

(d) EXPEDITED REVIEW BY SUPREME COURT.—The Supreme Court shall accept jurisdiction over, advance on the docket, and expedite to the greatest extent possible an appeal taken pursuant to subsection (c).

## GENERAL DISCUSSION

### PURPOSES AND GOALS OF THE LEGISLATION

In a representative democracy, the critical link between the people and their government is a system of free, open and honest elections through which people choose who will represent their views in matters of public policy.

No element of our electoral process is more important than the Constitutionally guaranteed rights of free speech and assembly. The ability of individuals and candidates to speak their views freely and vigorously provides a strong foundation for competitive elections and is the ultimate protection against tyranny. The U.S. Supreme Court has held that excessive regulation of campaign proc-

esses interferes with these Constitutional rights. In the landmark case of *Buckley v. Valeo* (1976), the Supreme Court held that mandatory limits on campaign expenditures are unconstitutional and further held that only “corruption or the appearance of corruption” could justify limits on campaign contributions.

The findings (Section 2) of H.R. 3760 explain the need for Congress to reform certain provisions in law in order to remove the appearance or reality of corruption that exists in the current federal election process. The findings outline the fundamental goals of this legislation. They include:

- placing the interests of constituents in each district at the center of the political process;
- providing citizens with timely information about contributions and expenditures;
- strengthening the role of political parties;
- ensuring that political contributions are voluntary;
- protecting the value of individual contributions;
- ensuring equitable rules for opponents of candidates who spend large amounts of personal funds; and
- fostering election rules that encourage rather than discourage candidates from running for office.

#### *Majority-in-district and local control of elections*

To ensure the integrity of elections, voters must be confident that their representatives primarily reflect their communities and districts, rather than those who live outside the district but may unduly influence an election by their contributions to candidates. The most powerful provision of this legislation is the requirement that a majority of a candidate’s funds be raised from individuals residing in that candidate’s district.

The majority-in-district reform directly addresses the issues of voter alienation, cynicism and the appearance of corrupting special interest influences in our current election process. By re-uniting the voting and financing precincts, majority-in-district places local constituents, rather than outside special interests, at the heart of Congressional campaigns.

For incumbents, majority-in-district will mean spending more campaign time in the district, talking to actual voters. It means more grassroots events at home, and less emphasis on events catering to special interests outside the district. Many attempts at reform seem to forget that elections are won by votes; it is the sum of perceptions, opinions and values that are inserted into the ballot box, not dollar bills. Majority-in-district reinvigorates local participation, local dialogue and local action. It doesn’t embrace other so-called reform efforts that seek to structure campaigns based on the premise that mass communication through television or mail is the preferred method of democratic action. In order to regain the confidence of the people, elected officials must talk to their constituents; they must be more than a video image on a 30 second commercial, more than a photograph in a glossy brochure.

Under the majority in district rule, the amount of money raised and spent in each congressional campaign will depend on the amount of money the residents of a district are willing to contribute to the candidates. The incumbent advantage of pleasing Wash-

ington interests in order to garner contributions is significantly reduced. Candidates who run negative campaigns, or engage in accusations and demagoguery, may very well be unable to raise funds from constituents who won't contribute their hard-earned money to support such campaigns. The conduct and tone of political campaigns may change to reflect local citizens' desire to discuss policy and issues.

For challengers, majority-in-district means a more level playing field, particularly for local elected officials, citizen activists and civic leaders who are in tune with the local community. When a majority of funds must come from people in the district, the voices of local, ordinary citizens will be echoed in the halls of Congress.

The majority-in-district concept applies equally to residents of large and small states. Every citizen's 14th Amendment right to equal protection of the law is preserved because all citizens, whether residents of a large or a small state, are equal in their district status in just one Congressional District. Majority-in-district also preserves the constitutional right of individuals anywhere in the country to contribute to campaigns of their choice, yet doesn't allow money from outside a district to dominate an election.

Some question whether majority-in-district would hamper a candidate's ability to communicate their message. What better method for communication than through grassroots-based, individual and small group interaction? Majority-in-district emphasizes organization, volunteers and a local base of support; it reduces the impact of the intermediary, and of the impersonal, negative, over-professionalized campaign.

Some worry about the mechanics of implementing a majority-in-district requirement. Modern technology and the availability of voter lists, address lists and the ability of contributors to indicate, just as they indicate their occupation or address, the congressional district in which they reside, will allow for the development of sensible, easy methods of determining in-district status.

The Supreme Court has held that limitations on campaign contributions may be justified by the need to prevent "corruption or the appearance of corruption." Requiring that a majority of candidates' funds come from the people they represent is a solution specifically designed to alleviate the lack of confidence the American people currently express in our system of representative government.

#### *Stronger political parties*

Political parties, with their long-standing role of advancing broad national agendas, nominating and electing candidates, and communicating with and organizing party members, can play a crucial role in balancing the influence of groups that pursue narrower interests. This legislation provides the means for political parties to reassert their historic and positive influence on federal elections. In order to be effective and credible, a national political party must balance its own interest with the national interest. Therefore, contributions to parties that are then used to communicate a party message, or to support a party nominee, reflect this balancing of interests and are a beneficial influence on the elections process.

Stronger political parties are also vital to a renewal of grassroots citizen involvement and to ensuring more competitive elections. Political parties must have the resources to communicate, motivate, and involve citizens in activities for candidates and for the party as a whole. In testimony before the Committee, the Chairmen of the two national political parties decried the negative impact of current law, which doesn't recognize parties' unique role, on elections and voter participation:

We must recognize parties' unique and necessary role in our political process. What is disheartening to me, however, is that we fail to learn from past mistakes by over regulating and restricting the political speech of our party organizations. . . . Political parties are unlike any other kind of association. Given their unique role and responsibility in our democratic process, Congress should not only be cognizant of that distinction but should make every effort to strengthen the political party process. Congress must actively affirm the fundamental First Amendment right to associate and to speak through political parties . . .

Campaign finance laws should result in campaigns and elections being more open, fair and more competitive. Parties should be recognized for the unique role they play in this process . . .—*Haley Barbour, Chairman, Republican National Committee, before the Committee on House Oversight, December 12, 1995.*

. . . I have witnessed—as all of us have—a significant weakening of the parties as institutions and a decline in their role in American political life. It used to be that the parties were one of the key means by which citizens felt connected to the people who represented them. Through precinct and neighborhood organizations, ordinary citizens were directly involved in the workings of the party; local party officials were in touch with the citizens and in turn reflected their views and needs to the party hierarchy and elected officials . . . There are many reasons for the decline of the parties; volumes have been written on the subject . . . And I believe it is essential to accomplish these goals in a way that strengthens, rather than weakens, the political parties . . . I would like to make several specific suggestions in that regard . . .

First, the current provisions that allow state parties to undertake grassroots volunteer activities, which are at the heart of our coordinated campaigns, should be maintained and, if possible, even expanded.

Second, the amounts an individual is permitted to contribute to candidates and party committees should be increased to new levels that reflect the impact of inflation since the current law was enacted, with those levels adjusted periodically for inflation . . .

Third, while it is essential to ban so-called soft money contributed to help federal candidates, this should be accomplished in a way that ensures that party organizations have sufficient resources to carry out campaign activity—

including, in particular, grass roots activities for their candidates . . . —*Donald L. Fowler, National Chairman, Democratic National Committee, before the Committee on House Oversight, December 12, 1995.*

The Washington Post, in an editorial entitled, “Speech or Gift?” dated April 22, 1996, stated in relation to a pending Supreme Court case, *Colorado Federal Campaign Committee et al. v. Federal Election Commission*, that:

. . . there is no reason to assume that a political party can corrupt a candidate in the way an individual or business could by contributing to a campaign . . . It’s wrong for the government, in the guise of protecting candidates from corruption, to regulate party discourse on matters of general political interest.

In its June 26, 1996 decision in the *Colorado* case, the U.S. Supreme Court opinion echoes the Washington Post’s editorial position:

A political party’s independent expression not only reflects its members’ views about the philosophical and governmental matters that bind them together, it also seeks to convince others to join those members in a practical democratic task, the task of creating a government that voters can instruct and hold responsible for subsequent success or failure. The independent expression of a political party’s views is “core” First Amendment activity no less than is the independent expression of individuals, candidates or other political committees.

The legislation preserves a principle at the core of the 1974 Federal Election Act: that express advocacy of federal candidates must be financed with federal funds, and that only federal funds may be used in federal elections. It provides parties with the ability to match, in contributions to its nominee, funds carried over by an incumbent from a previous election. It provides parties the ability to match large amounts of personal wealth spent by opponents.

This legislation increases the ability of a party to obtain resources, to use those resources to assist candidates, to communicate with party members and to promote party grassroots activity. All of these contributions are fully disclosed and serve to make the political process more, not less, competitive. Under this legislation, increased contributions go to political parties, not directly to candidates. As a bipartisan group of political scientists stated in a brief filed with the Supreme Court on the *Colorado* case:

As a source of campaign funds, American political parties probably constitute the cleanest money in politics.

*Ensure that contributions are voluntary*

Political contributions must be voluntary, and not coerced. The right of citizens in a Democracy to support, through their actions and their contributions, only those candidates with whom they agree is fundamental. Current election law, and other provisions in federal law, do not adequately protect this right. Only voluntary contributions and voluntary participation protect the free and open

character of the elections process. A coerced or involuntary contribution is the essence of political corruption.

This legislation ensures that contributors who donate, through payroll deductions, to corporate and union Political Action Committees do so through a written agreement that is renewed annually. The legislation also broadens protection against coercion of contributions to candidates. It adds additional protection against coercion by providing for the preservation of confidentiality for the identity of those who contribute less than \$100 to corporate and union PACs, and therefore the confidentiality of those who have voluntarily chosen not to participate as well. The goals of this legislation would be furthered by reforms in laws outside this Committee's jurisdiction, reforms that would ensure that no dues paid for other purposes are involuntarily used to influence elections, and reforms to ensure that disclosure of the use of these dues is timely and complete.

*Protect the role of individual contributions*

Contribution limits set by Congress should retain their value, not be diminished over time by inflation. The current contribution limits were established over two decades ago. While the cost of consumer goods and services and the value of social security and other government entitlement benefits has increased threefold in that time, federal election limits have not changed. The real value of the \$1,000 limit established in 1974 is approximately \$300 today. While \$1,000 is not now, nor was it in 1974, an insignificant dollar amount, comprehensive reform legislation should include a provision that reflects real price and wage changes over the past twenty years, and ensure that the value of a dollar will be preserved in the future.

In 1979, 17 years ago, the Committee on House Administration commissioned a report by the Institute of Politics at the John F. Kennedy School of Government at Harvard University, analyzing the impact of the Federal Election Campaign Act. One of their conclusions was "the individual contribution limit ought to be raised from \$1,000 to \$3,000."

To quote from the study:

Inflation alone dictates raising the limit to \$1,500 for the 1980 campaign. But the study group strongly feels the increase must go well beyond keeping pace with the cost of living index. Simply put, the limit was set too low in 1974 and the consequences of this error have been profound.

Since the passage of the Federal Election Campaign Reform Act, inflation has reduced the value of a contribution by more than 60%. The right of an individual to contribute to a candidate of his or her choice has been reduced by 60% without any Congressional action.

This legislation indexes the level of contributions to and from individuals, political committees (as set by this legislation), and political parties to the Consumer Price Index.

The legislation also preserves and strengthens the role of individual contributors in the elections process by equalizing the contribution level allowed for individuals and Political Action Committees

(PACs). This legislation protects the Constitutional right of citizens to assemble and to act collectively through organizations such as PACs but does not grant such organizations the right to contribute more than an individual. To encourage individuals to contribute and communicate directly to candidates, the legislation also prohibits bundling by PACs and lobbyists. Leadership PACs, which add still another layer between the original individual contributor and the ultimate candidate beneficiary, are also eliminated by this legislation.

*Increased disclosure*

Voters must have accurate and timely information about those who contribute to influence federal elections, and how much they contribute. This legislation significantly improves campaign contribution and expenditure reporting in several ways. The deadline for reporting last minute contributions is reduced from 48 to 24 hours. Key information must be placed on the internet, for enhanced public access. Secondary payments to campaign vendors must be reported. Candidate contributions and expenditures must be reported on an election cycle, and cumulative, per-election basis.

A comprehensive definition of activities that influence elections may result in regulation, or disclosure, which impacts free speech by the press, or the right of individuals to speak collectively. Requiring unreasonable disclosure of activities that merely influence elections may have a chilling effect on the right of free speech, and therefore be Constitutionally suspect. As this report states at the outset, no element of our electoral process is more important than the Constitutionally guaranteed rights of free speech and assembly. Linking disclosure of activities to provisions of law, such as tax status or the ability to collect mandatory union dues may be a preferable disclosure method.

*Fair rules when one candidate contributes personal resources*

When candidates exercise their Constitutional right to spend personal resources far in excess of individual contribution limits, the rules for that election should be modified to give, so far as is Constitutionally possible, all candidates the opportunity to raise funds in excess of those normal contribution limits and therefore help ensure more competitive elections.

There is growing public concern that running for political office requires personal wealth, and that such personal wealth is a corrupting influence on the election process. Confidence in the integrity of the political process, and minimizing corruption or the appearance of corruption in that political process requires that the opportunity to compete effectively for federal office is equally available to individuals of ordinary means.

Because candidates should be treated equally with respect to their ability to raise funds substantially in excess of normal contribution limits, when one candidate exercises his or her First Amendment right to spend very large amounts of personal resources, individual contribution limits should be lifted for other candidates as well.

In primary or general elections where one candidate has spent more than \$150,000 in personal funds, this legislation allows all

candidates the opportunity to raise an equal amount with funds from individuals without, what is in this circumstance, an inequitable individual contribution limit. In addition, in general elections, a political party may make contributions to its nominee to match personal spending by a candidate that exceeds the individual contribution limit.

*Election laws that encourage people to run for office*

Election laws should encourage, not discourage, persons from running for public office. Citizens and candidates should be able to obtain accurate and timely information about the law, and how to comply.

Far too often election rules intended to improve citizen access to the political process have the opposite effect. The cumulative effect of a complex mosaic of law, regulations, Federal Election Commission (FEC) advisory opinions, and unsettled issues often means that candidates must obtain costly legal advice simply to understand and comply with Federal election rules.

Candidates or other political participants in the political process who are the subject of complaints and enforcement actions by the FEC find that the process often creates an impression of culpability where none has yet been found by the FEC. At a later stage, they find they have no right to argue their case in person before the FEC.

This legislation requires the FEC, by unanimous agreement, to provide written answers to written requests for information where the law is clear and unambiguous. It requires the FEC to publish an index of its advisory opinions and written responses.

The legislation changes the manner in which the FEC handles complaints to ensure that a notice of the complaint does not imply guilt, and an FEC decision simply to investigate is no longer characterized as a "reason to believe" that a person has committed a violation. It provides an opportunity, with the approval of two FEC Commissioners and with procedures defined by the Commission, for a respondent to have a hearing before the Commission.

There are additional provisions in this legislation, many recommended by the FEC, to simplify and clarify rules and procedures and to apply consistent terminology and treatment of the law.

*Protect other constitutional rights*

This legislation codifies the definition of express advocacy stated with clarity in the *Buckley v. Valeo* case. Express advocacy must include specific words of advocacy, not meet a vague and subjective criteria. Political participants should know with certainty when they have crossed the threshold which triggers regulation and restriction of campaign activity.

The June, 1996 Supreme Court case of *Colorado Federal Campaign Committee et al. v. Federal Election Commission* confirmed the right of political parties to make independent expenditures. This legislation clarifies the definition of independent expenditures, to ensure that the rights of individuals, groups, and political parties, to make truly independent expenditures are protected.

Finally, in order to give maximum effect to the Constitutional guarantees outlined in the case of *Buckley v. Valeo*, the legislation

requires the FEC to draft regulations in a manner that has the least restrictive effect on First Amendment rights of free speech and assembly, and allows a Court to set aside FEC actions to the contrary.

SECTION-BY-SECTION DESCRIPTION

TITLE I. RESTORING CONTROL OF ELECTIONS TO INDIVIDUALS

*Section 101. Requiring majority of House of Representatives candidate funds to come from individuals residing in district*

This section amends section 315 of the Federal Election Campaign Act of 1971 (the “FECA”) to add a subsection to require that a majority of funds are received from residents of a candidate’s district. Compliance with this section is required as of each report, based on cumulative contributions received during the election cycle. The following sources of funds are allocated 50% in district and 50% out of district: candidate’s personal funds above individual contribution limit; contributions from political parties; funds carried forward after 20-day post general election report; as of enactment, funds carried forward from 1996 election. If a committee is not in compliance when filing reports within 20 days pre-and-post election, the candidate pays five times the amount of funds over majority in district plus civil penalty determined by FEC. If the candidate is not in compliance at other reporting periods, the candidate pays three times the amount of funds over majority in district.

*Section 102. Reduction in allowable contribution amounts for political action committees in federal elections to level allowed for individuals*

This section amends section 315(a) of the FECA to reduce the amounts that a Political Action Committee (PAC) may contribute to the amounts that individuals may contribute. Further, it reduces the amounts that can be contributed to a PAC to that which can be contributed to an individual candidate.

*Section 103. Modification of limitations on contributions when candidates spend or contribute large amount of personal funds*

This section amends section 315 of the FECA by adding a subsection which provides the following:

When, in a primary election, a candidate spends or contributes over \$150,000 in personal funds, for all candidates in race individual contribution limits and Majority in District rules are lifted (individual aggregate limits and PAC contribution limits still apply) up to total amount of personal funds of the largest spending candidate’s most recent report.

When, in a general election, a candidate spends or contributes more in personal funds than the individual contribution limit, but not more than \$150,000, then political parties may contribute to the opponent of the spending candidate matching dollars for all personal funds raised or expended above the individual contribution limit. These matching contributions are not counted toward party contribution limits.

When, in a general election, a candidate spends or contributes more than \$150,000 in personal funds, then for all candidates in the race, political parties may contribute matching dollars for all personal funds contributed or expended above the individual contribution limit. Such party contributions are not counted toward party contribution limits. Further, individual contribution limits and the application of the Majority in District rules for individual contributions are lifted (individual aggregate limits and PAC contribution limits still apply).

No candidate may accept an aggregate of all such contributions which exceed the amount reported by the candidate spending personal funds.

Further, this section amends section 304(a)(6) of the FECA to require that if a candidate contributes or expends personal funds greater than the individual contribution limit in any election, a candidate must report within 24 hours the first such contribution or expenditure which exceeds the individual limit, subsequent personal fund contributions or expenditures that aggregate \$5,000 or more and the first contribution or expenditure by which the candidate first exceeds \$150,000. The report that is filed must include the aggregate amount of personal funds in excess of the individual contribution limit expended or contributed to date for that election. The FEC will publish these reports on the FEC internet web site.

#### *Section 104. Indexing limits on contributions*

This section amends section 315(c) of the FECA to provide that as of January, 1997, all contribution limits are indexed retroactively in accordance with adjustments since 1977 in the Consumer Price Index. (PAC limits are reduced to individual contribution limit in Section 102). Contribution amounts are indexed at the beginning of each subsequent election cycle. The adjustments are rounded to lowest multiple of \$500.

Further, this section amends section 302(e)(3)(B) of the FECA, to provide for similar retroactive indexing for the amount indicating support of a candidate.

Further, this section amends section 315(j) of the FECA, to provide for similar indexing prospectively after the 1998 election for the amount of personal spending by a candidate which triggers changes in contribution limits.

#### *Section 105. Prohibition of leadership committees*

This section amends section 302 of the FECA by adding a subsection to provide that a candidate or Federal officeholder may only establish, maintain, finance or control a political committee which is a principal campaign committee of such individual. Existing committees established, maintained or controlled by such candidate or officeholder other than a designated principal campaign committee can continue to expend funds on-hand through 1998 general election. However, after 1998 general election, any such committee must be dissolved.

Further, this section amends section 302(e)(3)(A) of the FECA to provide that joint fundraising committees are prohibited.

*Section 106. Prohibiting bundling of contributions to candidates by political action committees and lobbyists*

This section amends section 316 of the FECA to provide that neither PACs nor lobbyists may act as an intermediary or conduit for contributions to a candidate for federal office.

*Section 107. Definition of independent expenditures*

This section amends section 301(17) of the FECA to clarify the definition of independent expenditure and express advocacy in light of Supreme Court decisions. Under this definition an expenditure is not independent if there is any cooperation, prior consent or consultation about the expenditure between a candidate or a candidate's agent and the person making an expenditure. An expenditure is independent (and therefore not a contribution) if it is made without cooperation, prior consent or consultation about the expenditure candidate or candidate's agent.

*Section 108. Requirements for use of payroll deductions for contributions*

This section amends title III of the FECA by adding a new section to require that an individual's wages or salary cannot be withheld for any contributions under title III unless there is a current, written authorization from such individual. Authorization to withhold for contributions must be renewed at least every 12 months. The individual may cancel withholding authorization at any time. At least annually, the individual must be given notice that she/he may cancel or revise authorization at any time.

## TITLE II. STRENGTHENING POLITICAL PARTIES

*Section 201. Modification of contribution limits and requirements for political parties*

This section amends section 315(a)(3) of the FECA to require that contributions by individuals to political parties (national, state or local) are not counted against the individuals' aggregate annual contribution limit.

Further, this section amends section 315(a)(1)(B) of the FECA to make contribution limits for contributions made to State parties equal to such limits for national parties.

*Section 202. Allowing political parties to offset funds carried over from previous elections*

This section amends section 315 of the FECA by adding a new subsection to permit that in a general election, a political party may match, in contributions to its nominee, funds carried forward by an opposing incumbent from previous election cycles. Party contributions for this purpose are not counted against the party contribution limit.

*Section 203. Prohibiting use of non-federal funds in federal elections*

This section amends title III of the FECA by adding a new section that provides that a party may not use non-federal funds for the purpose of influencing federal elections except as provided in this section. A national party committee may not use non-federal

funds for any mixed activity. Such activity is both for the purpose of influencing a federal election and for a purpose not related to a federal election, and includes voter registration, absentee ballot programs and GOTV programs, but it does not include payment of administrative or overhead costs related to these activities. Further, a party committee may use non-federal funds for mixed candidate-specific activities to the extent (based on the allocation of time and space) that such activities relate to non-federal candidates. Mixed candidate-specific activities are those which promote specific candidates for federal elections and specific candidates for other elections.

*Section 204. Permitting parties to have unlimited communication with members*

This section amends section 315(d) of the FECA by adding a new paragraph which provides that amounts spent for party communication with its own members are excluded from national or State party expenditure limits. A party member is an individual who registered to vote as member of the party, voted in the party primary in most recent primary election, is a contributor to party, or states, in writing, that she/he is a member of the party. Communication costs which expressly advocate the election or defeat of a candidate for Federal Office must be paid with federal funds to the extent (based on the allocation of time and space) that such communication relates to federal candidates.

*Section 205. Promoting State and local party volunteer and grassroots activity*

This section amends sections 301 (8)(B) and (9)(B) of the FECA to exempt certain activities by State and local party committees from the definition of a contribution and expenditure. These activities include listing of a slate of party candidates, and communicating the slate to the public; mailings for or on behalf of candidates by volunteers (including labeling envelopes or affixing postage or other indicia to pieces of mail); conducting telephone banks staffed by volunteers for or on behalf of candidates; and the distribution of collateral material on behalf of candidates.

Further, this section amends section 324 of the FECA to provide that such activities must be paid for with federal funds to the extent (based on the allocation of time and space) that such activities relate to federal candidates.

Further, this section amends section 324 of the FECA to provide that other mixed activities by State and local party committees must be paid for with federal funds to the extent that such activities relate to federal candidates based on a ballot composition formula. (This formula is taken from current FEC regulations.)

### TITLE III. DISCLOSURE AND ENFORCEMENT

*Section 301. Timely reporting and increased disclosure*

*(a) Deadline for filing*

This subsection amends section 304(a)(6) of the FECA to require notifications of contributions within 20 days of an election to be

filed within 24 instead of 48 hours. Such notice must be actually received by the Commission within that time.

*(b) Increasing electronic disclosure*

This subsection amends section 304(a)(6) of the FECA to require the FEC to post information received in last minute contribution reports and in candidate personal expenditure reports on the Internet within 24 hours as well as having it publicly available at the FEC within 24 hours.

*(c) Change in certain reporting from a calendar year basis to an election cycle basis*

This subsection amends section 304(b) of the FECA to require that candidate committees report aggregate contributions and expenditures by election cycle (2 years for House) instead of calendar year.

*(d) Clarification of permissible use of facsimile machines to file reports*

This subsection amends section 304(a)(11)(A) of the FECA to clearly permit the FEC to accept certain notifications which are due within 24 hours by FAX.

*(e) Requiring receipt of independent expenditure reports within 24 hours*

This subsection amends section 304(c)(2) of the FECA to clarify that actual receipt by the FEC of certain notifications of large last minute independent expenditures is required within 24 hours.

*(f) Requiring record keeping and report of secondary payments by campaign committees*

This subsection amends section 304(b)(5)(A) of the FECA to require that payments of \$500 or more made through an intermediary contractor or consultant to a third party must be reported, expanding current rules which already require such reports for credit cards and vendor payments but not consultant payments (such as those for advertising to media by ad agencies).

*(g) Including report on cumulative contributions and expenditures in post election reports*

This subsection amends section 304(a)(7) of the FECA to require a candidate's committee to report aggregate contributions and expenditures through election day in the first report required following such election.

*(h) Including information on aggregate contributions in report on itemized contributions*

This subsection amends section 304(b)(3) of the FECA to require candidate committees' reports of itemized contributions of \$200 or more to include per-election totals for the contributor. Committees are already required to keep track of this information.

*Section 302. Streamlining Procedures and Rules of Federal Election Commission*

*(a) Standards for Commission regulation and judicial interpretation*

This subsection amends section 307 of the FECA by adding a new subsection which requires that the Commission develop regulations in a manner that will have the least restrictive effect on free speech and association. Further, the subsection requires that a reviewing court strike down regulations not conforming to this standard.

*(b) Written responses to questions*

This subsection amends title III of the FECA by adding a new section that provides for written responses to written requests where the law is unambiguous. The procedure for issuing such a response is (1) staff analyzes request submitted, and if it believes the response meets standard of "unambiguous;" (2) staff circulates statement of this to Commission members; (3) after 3 days, unless a commissioner objects to the response, the response is issued. This applies "safe harbor protection" for a questioner who acts in good faith, relying upon the written response and requires the Commission to make requests for responses public (omitting name of requester unless given specific permission to publish name) and to publish a complete and detailed index of written responses under this section.

*(c) Opportunity for oral argument before Commission*

This subsection amends section 309(a)(3) of the FECA to require the FEC to allow a respondent to a complaint, when filing a brief, to request the right to present an oral argument before the Commission. If at least two commissioners approve the request, then the respondent appears in front of the Commission in open session to make an oral presentation in support of the brief and respond to questions. Such appearance must take place within 30 days from when the request is approved.

*(d) Index of advisory opinions*

This subsection amends section 308 of the FECA to require that, within 60 days of enactment of this act, the Commission compile, publish and regularly update, a complete and detailed index of advisory opinions.

*(e) Standard for initiation of actions*

This subsection amends section 309(a)(2) of the FECA to change the wording of the standard of initiation of action to "a reason to investigate a possible violation \* \* \* that has occurred or is about to occur;" from the current "a reason to believe \* \* \* that a person has committed or is about to commit a violation." The underlying basis for initiating action is not changed.

*(f) Application of aggregate contribution limit on calendar year basis during non-election years*

This subsection amends section 315(a)(3) of the FECA to have all individual contributions apply to the aggregate for the year in which they are made.

*(g) Repeal report by Secretary of Commerce on district-specific voting age population*

This subsection amends section 315(e) of the FECA to eliminate the requirement for the Commerce Department to certify the voting age population for each district which is not necessary to implementation of the FECA.

*(h) Commercially reasonable loans not to be treated as contributions by lender*

This subsection amends section 301(8)(B)(vii) of the FECA to permit candidates to make personal contributions or loans from their credit card, brokerage, home equity line of credit or similar accounts if made in the ordinary course of business. Such loans would be treated as contributions to the campaign by the candidate, but not by the lender.

*(i) Abolition of ex officio membership of Clerk of House of Representatives on Commission*

This subsection amends section 306(a) of the FECA to remove all remaining references to the Clerk of the House and designees from the list of members of the FEC in the code.

*(j) Granting commission authority to waive reporting requirements*

This subsection amends section 304 of the FECA to grant the FEC authority to waive the requirement to report or time of filing of reports when, by unanimous decision, the FEC determines that such waiver is warranted.

*(k) Permitting corporations to communicate with all employees*

This subsection amends section 316(b) of the FECA to permit corporations to make partisan communications to all its officers and employees rather than just to its executive and administrative personnel as is currently permitted.

*(l) Permitting unlimited solicitations by corporations or labor organizations; Protecting confidentiality of contributions not greater than \$100*

This subsection amends section 316(b) of the FECA to permit corporations and labor unions to make an unlimited number of solicitations for contributions to their PACs to a class of persons, including members, officers, employees and stockholders, for which current law provides two written solicitations. Further, this subsection extends the protection currently given workers by increasing the threshold at which unions and corporations must protect confidentiality of individual PAC contributors (from \$50 to \$100).

*(m) Greater protection against force and reprisals*

This subsection amends section 316(b)(3) of the FECA to prohibit the use of coercion with regard to contributions to candidates in addition to the current prohibition of such coercion for contributions to PACs.

*(n) Requiring complainant to provide notice to respondents*

This subsection amends section 309(a)(1) of the FECA to require that a complainant specify the respondents to the complaint and requires the FEC to provide a notice of complaint with a copy thereof, to such respondents, unless the FEC determines that notice with the complaint is unnecessary in which case the FEC shall provide notice with instructions on obtaining a copy of the complaint.

*(o) Standard form for complaints; stronger disclaimer language*

This subsection amends section 309(a)(1) of the FECA to require that the Commission prescribe a standard form for a complaint which may refer to, but may not include, extraneous materials, and also require that when the FEC distributes the complaint that the language in the transmittal clearly states that the Commission has not “verified or given official sanction to the complaint” and provide clear direction on the process for response.

*(p) Banning acceptance of cash contributions greater than \$100*

This subsection amends section 315 of the FECA to prohibit acceptance of cash contributions in excess of \$100. Currently, only the making of such contributions is prohibited.

*(q) Appointment and service of Staff Director and General Counsel of Commission*

This subsection amends section 306(f)(1) of the FECA to require that the staff director and general counsel of the Commission serve four year terms. At the beginning of each four year term, an appointment or reappointment must be approved by a majority vote of four commissioners. If there is no majority in favor of appointment or reappointment, the position is vacant. Further, this subsection clarifies that a four vote majority of commissioners is necessary to hire any senior staff.

*(r) Encouraging citizen grassroots activity on behalf of federal candidates*

This subsection amends sections 301 (8)(B) and (9)(B) of the FECA to provide that grassroots citizen activity, other than cash contributions, with a value of \$100 or less are not contributions or expenditures under the FECA.

*(s) Permitting partnerships to solicit contributions and pay administrative costs of political committees in same manner as corporations and labor unions*

This subsection amends sections 301 (8)(B) and (9)(B) of the FECA to allow solicitation of contributions from partners, officers,

employees and families and payment of administrative costs by partnerships for their political committees in same manner as allowed for corporations and unions.

TITLE IV. GENERAL PROVISIONS

*Section 401. Effective date*

The effective date of the Act is January 1, 1997

*Section 402. Severability*

Section 402 provides for general severability. If any provision is struck down, the remaining provisions of this act will survive.

*Section 403. Expedited court review*

This section provides that the FEC, a political committee or eligible voter may institute an action in an appropriate district court. It requires that a panel of three district court judges immediately convene to decide on the action. An appeal of the decision may go directly to the Supreme Court and shall be brought within 20 days. The Supreme Court shall accept the jurisdiction over and advance the appeal on the docket to the greatest extent possible.

COMMITTEE ACTION

On July 10, 1996, by rollcall vote (6–5), a quorum being present, the Committee agreed to a motion to report the bill favorably to the House, as amended.

ROLLCALL VOTES

In compliance with clause 2(1)(2)(B) of rule XI of the Rules of the House of Representatives, with respect to each rollcall vote on a motion to report the bill and on any amendment offered to the bill, the total number of votes cast for and against, and the names of those Members voting for and against, are as follows:

H.R. 3760, ROLLCALL NO. 1

Amendment offered by Mr. Fazio. Subject: Independent expenditures.

Member	Aye	Nay	Present
Mr. Thomas .....		X	.....
Mr. Ehlers .....		X	.....
Mr. Roberts .....		X	.....
Mr. Boehner .....		X	.....
Ms. Dunn .....			.....
Mr. Diaz-Balart .....		X	.....
Mr. Ney .....		X	.....
Mr. Fazio .....	X		.....
Mr. Gejdenson .....	X		.....
Mr. Hoyer .....	X		.....
Mr. Jefferson .....			.....
Mr. Pastor .....	X		.....
Total .....	4	6	.....

H.R. 3760, ROLLCALL NO. 2

Amendment offered by Mr. Fazio. Subject: Disclosure of activities, No. 1.

Member	Aye	Nay	Present
Mr. Thomas .....		X	.....
Mr. Ehlers .....		X	.....
Mr. Roberts .....		X	.....
Mr. Boehner .....		X	.....
Ms. Dunn .....			.....
Mr. Diaz-Balart .....		X	.....
Mr. Ney .....		X	.....
Mr. Fazio .....	X		.....
Mr. Gejdenson .....	X		.....
Mr. Hoyer .....	X		.....
Mr. Jefferson .....			.....
Mr. Pastor .....	X		.....
Total .....	4	6	.....

H.R. 3760, ROLLCALL NO. 3

Amendment offered by Mr. Fazio. Subject: Disclosure of activities, No. 2.

Member	Aye	Nay	Present
Mr. Thomas .....		X	.....
Mr. Ehlers .....		X	.....
Mr. Roberts .....		X	.....
Mr. Boehner .....		X	.....
Ms. Dunn .....			.....
Mr. Diaz-Balart .....		X	.....
Mr. Ney .....		X	.....
Mr. Fazio .....	X		.....
Mr. Gejdenson .....	X		.....
Mr. Hoyer .....	X		.....
Mr. Jefferson .....			.....
Mr. Pastor .....	X		.....
Total .....	4	6	.....

H.R. 3760, ROLLCALL NO. 4

Amendment offered by Mr. Fazio. Subject: Democrat substitute, No. 1.

Member	Aye	Nay	Present
Mr. Thomas .....		X	.....
Mr. Ehlers .....		X	.....
Mr. Roberts .....		X	.....
Mr. Boehner .....		X	.....
Ms. Dunn .....			.....
Mr. Diaz-Balart .....		X	.....
Mr. Ney .....		X	.....
Mr. Fazio .....	X		.....
Mr. Gejdenson .....	X		.....
Mr. Hoyer .....	X		.....
Mr. Jefferson .....	X		.....
Mr. Pastor .....	X		.....
Total .....	5	6	.....

H.R. 3760, ROLLCALL NO. 5

Amendment offered by Mr. Fazio. Subject: Democrat substitute, No. 2.

Member	Aye	Nay	Present
Mr. Thomas .....		X	
Mr. Ehlers .....		X	
Mr. Roberts .....		X	
Mr. Boehner .....		X	
Ms. Dunn .....			
Mr. Diaz-Balart .....		X	
Mr. Ney .....		X	
Mr. Fazio .....	X		
Mr. Gejdenson .....	X		
Mr. Hoyer .....	X		
Mr. Jefferson .....	X		
Mr. Pastor .....			X
Total .....	4	6	1

H.R. 3760, ROLLCALL NO. 6

Motion by Mr. Ehlers. Subject: Report bill favorably to the House.

Member	Aye	Nay	Present
Mr. Thomas .....	X		
Mr. Ehlers .....	X		
Mr. Roberts .....	X		
Mr. Boehner .....	X		
Ms. Dunn .....			
Mr. Diaz-Balart .....	X		
Mr. Ney .....	X		
Mr. Fazio .....		X	
Mr. Gejdenson .....		X	
Mr. Hoyer .....		X	
Mr. Jefferson .....		X	
Mr. Pastor .....		X	
Total .....	6	5	

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee states that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

STATEMENT ON BUDGET AUTHORITY AND RELATED ITEMS

The bill does not provide new budget authority, new spending authority, new credit authority, or an increase or decrease in revenues or tax expenditures and a statement under clause 2(1)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a)(1) of the Congressional Budget Act of 1974 is not required.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In compliance with clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee sets forth, with respect to the bill, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, July 15, 1996.*

Hon. WILLIAM M. THOMAS,  
*Chairman, Committee on House Oversight,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3760, the Campaign Finance Reform Act of 1996.

Because enactment of this legislation could affect receipts, pay-as-you-go procedures would apply to the bill.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM  
(For June E. O'Neill, Director).

Enclosure.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 3760.
2. Bill title: Campaign Finance Reform Act of 1996.
3. Bill status: As ordered reported by the House Committee on Oversight on July 10, 1996.
4. Bill purpose: H.R. 3760 would amend the Federal Election Campaign Act of 1971 to reform the financing of federal election campaigns. The bill would:

Require that a majority of campaign funds for a candidate for the House of Representatives come from individuals residing in the candidate's district, and subject violators of this provision to a civil penalty;

Modify limitations on certain campaign contributions when a candidate for the House of Representatives spends large amounts of personal funds;

Prohibit bundling of contributions to candidates by political action committees and lobbyists;

Place restrictions on the use of nonfederal funds in campaigns;

Require candidates to file more reports on campaign contributions with the Federal Election Commission (FEC) and order the FEC to disclose this information more quickly to the public; and

Make many other changes to the Federal Election Campaign Act of 1971.

5. Estimated cost to the Federal Government: Because H.R. 3760 would increase the responsibilities of the FEC, we estimate that the bill would result in greater spending by the agency, assuming

appropriation of the necessary amounts. The bill also could affect revenues by increasing collections of civil fines, but we estimate that any change would be very small. CBO estimates that enacting H.R. 3760 would affect federal spending as shown in the following table.

	1996	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION							
Spending under current law:							
Estimated authorization level <sup>1</sup> .....	27	27	27	27	27	27	27
Estimated outlays .....	26	27	27	27	27	27	27
Proposed changes:							
Estimated authorization level .....		2	4	4	4	4	4
Estimated outlays .....		2	4	4	4	4	4
Projected spending under H.R. 3760:							
Estimated authorization level <sup>1</sup> .....	27	29	31	31	31	31	31
Estimated outlays .....	26	29	31	31	31	31	31
CHANGES IN REVENUES							
Civil fines:							
Estimated revenues .....		(?)	(?)	(?)	(?)	(?)	(?)

<sup>1</sup> The 1996 level is the amount appropriated for that year. The estimated authorization levels for 1997 through 2002 reflect CBO baseline estimates for the FEC, assuming no adjustment for inflation.

<sup>2</sup> Less than \$500,000.

The costs of this bill fall within budget function 800.

6. Basis of estimate: Enacting H.R. 3760 would increase costs to the FEC to monitor candidates' compliance with the bill's provisions and to investigate complaints brought by candidates against each other. The FEC also would require greater resources to meet tighter disclosure deadlines.

Based on limited information provided by the FEC, which has not yet completely reviewed the provisions of H.R. 3760, CBO estimates that enacting the bill would result in costs of about \$2 million in fiscal year 1997 and roughly \$4 million each year thereafter. These amounts would be subject to the availability of appropriations and would vary to the extent that the FEC enforces the bill's provisions.

7. Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. CBO estimates that enacting H.R. 3760 could affect receipts; thus, pay-as-you-go procedures would apply to the bill.

The imposition of a new civil fine in H.R. 3760 could cause governmental receipts to increase, but CBO estimates that any such increase would be less than \$500,000 annually. Civil fines would be deposited in the general fund of the Treasury. The following table summarizes CBO's estimate of the pay-as-you-go impact of H.R. 3760.

[By fiscal years; in millions of dollars]

	1996	1997	1998
Change in outlays .....		( <sup>1</sup> )	( <sup>1</sup> )
Change in receipts .....		0	0

<sup>1</sup> Not applicable.

8. Estimated impact on State, local, and tribal governments: H.R. 3760 contains no intergovernmental mandates as defined by the Unfunded Mandates Reform Act of 1995 (Public Law 104-4) and

would have no impact on the budgets of state, local, or tribal governments.

9. Estimated impact on the private sector: H.R. 3760 contains new private-sector mandates as defined in Public Law 104-4, but CBO has not completed an analysis of such mandates. CBO will provide its analysis of H.R. 3760's impact on the private sector under separate cover.

10. Previous CBO estimate: None.

11. Estimate prepared by: Federal Cost Estimate: Mark Grabowicz and Stephanie Weiner. State and Local Government Impact: Theresa Gullo. Private-Sector Impact: Matthew Eyles.

12. Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

OVERSIGHT FINDINGS OF COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

The Committee states, with respect to clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, that the Committee on Government Reform and Oversight did not submit findings or recommendations based on investigations under clause 4(c)(2) of rule X of the Rules of the House of Representatives.

INFLATIONARY IMPACT STATEMENT

In compliance with clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee states that the bill will have no inflationary impact on prices and costs in the operation of the national economy.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

**FEDERAL ELECTION CAMPAIGN ACT OF 1971**

\* \* \* \* \*

TITLE III—DISCLOSURE OF FEDERAL CAMPAIGN FUNDS

DEFINITIONS

SEC. 301. When used in this Act:

(1) \* \* \*

\* \* \* \* \*

(8)(A) \* \* \*

(B) The term "contribution" does not include—

(i) \* \* \*

\* \* \* \* \*

(vii) any loan of money by a State bank, a federally chartered depository institution, **[or a depository]** *a depository* institution the deposits or accounts of which are insured by the

Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration, or any other commercial lender, other than any overdraft made with respect to a checking or savings account, made in accordance with applicable law and in the ordinary course of business, but such loan—

(I) \* \* \*

\* \* \* \* \*

(viii) any gift, subscription, loan, advance, or deposit of money or anything of value to a national or a State committee of a political party specifically designated to defray any cost for construction or purchase of any office facility not acquired for the purpose of influencing the election of any candidate in any particular election for Federal office;

(ix) any legal or accounting services rendered to or on behalf of—

(I) any political committee of a political party if the person paying for such services is the regular employer of the person rendering such services and if such services are not attributable to activities which directly further the election of any designated candidate to Federal office; or

(II) an authorized committee of a candidate or any other political committee, if the person paying for such services is the regular employer of the individual rendering such services and if such services are solely for the purpose of ensuring compliance with this Act or chapter 95 or chapter 96 of the Internal Revenue Code of 1954,

but amounts paid or incurred by the regular employer for such legal or accounting services shall be reported in accordance with section 304(b) by the committee receiving such services;

(x) the payment by a State or local committee of a political party of the costs of campaign materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs) used by such committee [in connection with volunteer activities on behalf of nominees of such party] *in connection with State or local activities, other than any payment described in clause (xv): Provided, That—*

(1) \* \* \*

\* \* \* \* \*

(xi) the payment by a candidate, for nomination or election to any public office (including State or local office), or authorized committee of a candidate, of the costs of campaign materials which include information on or reference to any other candidate and which are used in connection with volunteer activities (including pins, bumper stickers, handbills, brochures, posters, and yard signs, but not including the use of broadcasting, newspapers, magazines, billboards, direct mail, or similar types of general public communication or political advertising): *Provided, That* such payments are made from contributions subject to the limitations and prohibitions of this Act;

(xii) the payment by a State or local committee of a political party of the costs of voter registration and get-out-the-vote ac-

tivities conducted by such committee on behalf of nominees of such party for President and Vice President: *Provided, That—*

- (1) such payments are not for the costs of campaign materials or activities used in connection with any broadcasting, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising;
  - (2) such payments are made from contributions subject to the limitations and prohibitions of this Act; and
  - (3) such payments are not made from contributions designated to be spent on behalf of a particular candidate or candidates;
  - (xiii) payments made by a candidate or the authorized committee of a candidate as a condition of ballot access and payments received by any political party committee as a condition of ballot access; **[and]**
  - (xiv) any honorarium (within the meaning of section 323 of this Act)**[.]**;
  - (xv) *the payment by a State or local committee of a political party for any of the following activities:*
    - (I) *The listing of the slate of the party's candidates, including the communication of the slate to the public.*
    - (II) *The mailing of materials for or on behalf of specific candidates by volunteers (including labeling envelopes or affixing postage or other indicia to particular pieces of mail), other than the mailing of materials to a commercial list.*
    - (III) *Conducting a telephone bank for or on behalf of specific candidates staffed by volunteers.*
    - (IV) *The distribution of collateral materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs) for or on behalf of specific candidates (whether by volunteers or otherwise);*
  - (xvi) *any payment of funds on behalf of a candidate (whether in cash or in kind, but not including a direct payment of cash to a candidate or a political committee of the candidate) by an individual from the individual's personal funds which in the aggregate does not exceed \$100, if the funds are used for activities carried out by the individual or a member of the individual's family; and*
  - (xvii) *any payment made or obligation incurred by a partnership in the establishment and maintenance of a political committee, the administration of such a political committee, or the solicitation of contributions to such committee.*
- (9)(A) \* \* \*
- (B) The term "expenditure" does not include—
- (i) \* \* \*

\* \* \* \* \*

(viii) the payment by a State or local committee of a political party of the costs of campaign materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs) used by such committee **[in connection with volunteer activities on behalf of nominees of such party]** *in connection*

*with State or local activities, other than any payment described in clause (xi): Provided, That—*

- (1) such payments are not for the costs of campaign materials or activities used in connection with any broadcasting, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising;
  - (2) such payments are made from contributions subject to the limitations and prohibitions of this Act; and
  - (3) such payments are not made from contributions designated to be spent on behalf of a particular candidate or particular candidates;
- (ix) the payment by a State or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by such committee on behalf of nominees of such party for President and Vice President: *Provided, That—*
- (1) such payments are not for the costs of campaign materials or activities used in connection with any broadcasting, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising;
  - (2) such payments are made from contributions subject to the limitations and prohibitions of this Act; and
  - (3) such payments are not made from contributions designated to be spent on behalf of a particular candidate or candidates; **[and]**
- (x) payments received by a political party committee as a condition of ballot access which are transferred to another political party committee or the appropriate State official**[.]**;
- (xi) *the payment by a State or local committee of a political party for any of the following activities:*
- (I) *The listing of the slate of the party's candidates, including the communication of the slate to the public.*
  - (II) *The mailing of materials for or on behalf of specific candidates by volunteers (including labeling envelopes or affixing postage or other indicia to particular pieces of mail), other than the mailing of materials to a commercial list.*
  - (III) *Conducting a telephone bank for or on behalf of specific candidates staffed by volunteers.*
  - (IV) *The distribution of collateral materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs) for or on behalf of specific candidates (whether by volunteers or otherwise);*
- (xii) *any payment of funds on behalf of a candidate (whether in cash or in kind, but not including a direct payment of cash to a candidate or a political committee of the candidate) by an individual from the individual's personal funds which in the aggregate does not exceed \$100, if the funds are used for activities carried out by the individual or a member of the individual's family; and*
- (xiii) *any payment made or obligation incurred by a partnership in the establishment and maintenance of a political com-*

*mittee, the administration of such a political committee, or the solicitation of contributions to such committee.*

\* \* \* \* \*

[(17) The term “independent expenditure” means an expenditure by a person expressly advocating the election or defeat of a clearly identified candidate which is made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.]

(17)(A) *The term “independent expenditure” means an expenditure by a person for a communication expressly advocating the election or defeat of a clearly identified candidate which is not made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of such candidate.*

(B) *For purposes of this paragraph—*

(i) *“expressly advocating the election or defeat” means the use in the communication of explicit words such as “vote for”, “re-elect”, “support”, “cast your ballot for”, “vote against”, “defeat”, or “reject”, accompanied by a reference in the communication to one or more clearly identified candidates, or words such as “vote” for or against a position on an issue, accompanied by a listing in the communication of one or more clearly identified candidates described as for or against a position on that issue;*

(ii) *“which is not made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of such candidate” refers to the expenditure in question for the communication made by the person; and*

(iii) *the term “agent” means any person who has actual oral or written authority, either express or implied, to make or authorize the making of expenditures on behalf of a candidate.*

(C) *An expenditure by a person for a communication which does not contain explicit words expressly advocating the election or defeat of a clearly identified candidate shall not be considered an independent expenditure.*

\* \* \* \* \*

ORGANIZATION OF POLITICAL COMMITTEES

SEC. 302. (a) \* \* \*

\* \* \* \* \*

(e)(1) \* \* \*

\* \* \* \* \*

(3)(A) No political committee which supports or has supported more than one candidate may be designated as an authorized committee, [except that—

[(i) the candidate for the office of President nominated by a political party may designate the national committee of such political party as a principal campaign committee, but only if that national committee maintains separate books of account

with respect to its function as a principal campaign committee; and

[(ii) candidates may designate a political committee established solely for the purpose of joint fundraising by such candidates as an authorized committee.] *except that the candidate for the office of President nominated by a political party may designate the national committee of such political party as a principal campaign committee, but only if that national committee maintains separate books of account with respect to its function as a principal campaign committee.*

(B) As used in this section, the term “support” does not include a contribution by any authorized committee in amounts of \$1,000 or less to an authorized committee of any other candidate. *The amount described in the previous sentence shall be adjusted (for years beginning with 1997) in the same manner as the amounts of limitations on contributions under section 315(a) are adjusted under section 315(c)(3).*

\* \* \* \* \*

*(j) A candidate for Federal office or an individual holding Federal office may not establish, maintain, finance, or control a political committee, other than a principal campaign committee of the candidate or the individual.*

*(k) A person described in section 304(b)(5)(A) who makes expenditures which aggregate \$500 or more in an election cycle to other persons (not including employees) who provide goods or services to a candidate or a candidate’s authorized committees shall provide to a political committee the information necessary to enable the committee to report the information described in such section.*

\* \* \* \* \*

REPORTS

SEC. 304. (a)(1) \* \* \*

\* \* \* \* \*

(5) If a designation, report, or statement filed pursuant to this Act (other than under [paragraph (2)(A)(i) or (4)(A)(ii)] *paragraphs (2)(A)(i), (4)(A)(ii), or (6), or subsection (c)(2)* is sent by registered or certified mail, the United States postmark shall be considered the date of filing of the designation, report, or statement.

(6)(A) The principal campaign committee of a candidate shall notify the Secretary or the Commission, and the Secretary of State, as appropriate, in writing, of any contribution of \$1,000 or more received by any authorized committee of such candidate [after the 20th day, but more than 48 hours before any election] *during the period which begins on the 20th day before an election and ends at the time the polls close for such election.* This notification shall be made within [48 hours] *24 hours (or, if earlier, by midnight of the day on which the contribution is deposited)* after the receipt of such contribution and shall include the name of the candidate and the office sought by the candidate, the identification of the contributor, and the date of receipt and amount of the contribution.

*(B)(i) The principal campaign committee of a House candidate (as defined in section 315(j)(4)) shall submit the following notifications*

relating to expenditures of personal funds by such candidate (including contributions by the candidate to such committee):

(I) A notification of the first such expenditure (or contribution) by which the aggregate amount of personal funds expended (or contributed) with respect to an election exceeds the amount of the limitation established under section 315(a)(1)(A) for elections in the year involved.

(II) A notification of each such expenditure (or contribution) which, taken together with all such expenditures (and contributions) in any amount not included in the most recent report under this subparagraph, totals \$5,000 or more.

(III) A notification of the first such expenditure (or contribution) by which the aggregate amount of personal funds expended with respect to the election exceeds the level applicable under section 315(j)(2) for elections in the year involved.

(ii) Each of the notifications submitted under clause (i)—

(I) shall be submitted not later than 24 hours after the expenditure or contribution which is the subject of the notification is made;

(II) shall include the name of the candidate, the office sought by the candidate, and the date of the expenditure or contribution and amount of the expenditure or contribution involved; and

(III) shall include the total amount of all such expenditures and contributions made with respect to the same election as of the date of expenditure or contribution which is the subject of the notification.

[(B)] (C) The notification required under this paragraph shall be in addition to all other reporting requirements under this Act.

(D) Notwithstanding paragraph (5), the time at which a notification or report under this paragraph is received by the Secretary, the Commission, or any other recipient to whom the notification is required to be sent shall be considered the time of filing of the notification or report with the recipient.

(E)(i) The Commission shall make the information contained in the reports submitted under this paragraph available on the Internet and publicly available at the offices of the Commission as soon as practicable (but in no case later than 24 hours) after the information is received by the Commission.

(ii) In this subparagraph, the term "Internet" means the international computer network of both Federal and non-Federal interoperable packet-switched data networks.

[(7)] (7)(A) The reports required to be filed by this subsection shall be cumulative during the calendar year to which they relate, but where there has been no change in an item reported in a previous report during such year, only the amount need be carried forward.

(B) In the case of any report required to be filed by this subsection which is the first report required to be filed after the date of an election, the report shall include a statement of the total contributions received and expenditures made as of the date of the election.

\* \* \* \* \*

(11)(A) The Commission shall permit reports required by this Act to be filed and preserved by means of computer disk or any other

appropriate electronic format or [method,] *method (including by facsimile device in the case of any report required to be filed within 24 hours after the transaction reported has occurred)*, as determined by the Commission.

\* \* \* \* \*

(b) Each report under this section shall disclose—

(1) the amount of cash on hand at the beginning of the reporting period;

(2) for the reporting period and the calendar year (*or election cycle, in the case of an authorized committee of a candidate for Federal office*), the total amount of all receipts, and the total amount of all receipts in the following categories:

(A) \* \* \*

\* \* \* \* \*

(3) the identification of each—

(A) person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year (*or election cycle, in the case of an authorized committee of a candidate for Federal office*), or in any lesser amount if the reporting committee should so elect, together with the date and amount of any such contribution *and the total amount of all such contributions made by such person with respect to the election involved*;

(B) political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution *and the total amount of all such contributions made by such committee with respect to the election involved*;

\* \* \* \* \*

(F) person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of \$200 within the calendar year (*or election cycle, in the case of an authorized committee of a candidate for Federal office*), together with the date and amount of such receipt; and

(G) person who provides any dividend, interest, or other receipt to the reporting committee in an aggregate value or amount in excess of \$200 within the calendar year (*or election cycle, in the case of an authorized committee of a candidate for Federal office*), together with the date and amount of any such receipt;

(4) for the reporting period and the calendar year (*or election cycle, in the case of an authorized committee of a candidate for Federal office*), the total amount of all disbursements, and all disbursements in the following categories:

(A) \* \* \*

\* \* \* \* \*

(5) the name and address of each—

(A) person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year

is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditure[;], and, if such person in turn makes expenditures which aggregate \$500 or more in an election cycle to other persons (not including employees) who provide goods or services to the candidate or the candidate's authorized committees, the name and address of such other persons, together with the date, amount, and purpose of such expenditures;

\* \* \* \* \*

(6)(A) for an authorized committee, the name and address of each person who has received any disbursement not disclosed under paragraph (5) in an aggregate amount or value in excess of \$200 within the calendar year (or election cycle, in the case of an authorized committee of a candidate for Federal office), together with the date and amount of any such disbursement;

(B) for any other political committee, the name and address of each—

(i) \* \* \*

\* \* \* \* \*

(iii) person who receives any disbursement during the reporting period in an aggregate amount or value in excess of \$200 within the calendar year (or election cycle, in the case of an authorized committee of a candidate for Federal office) in connection with an independent expenditure by the reporting committee, together with the date, amount, and purpose of any such independent expenditure and a statement which indicates whether such independent expenditure is in support of, or in opposition to, a candidate, as well as the name and office sought by such candidate, and a certification, under penalty of perjury, whether such independent expenditure is made in cooperation, consultation, or concert, with, or at the request or suggestion of, any candidate or any authorized committee or agent of such committee;

\* \* \* \* \*

(v) person who has received any disbursement not otherwise disclosed in this paragraph or paragraph (5) in an aggregate amount or value in excess of \$200 within the calendar year (or election cycle, in the case of an authorized committee of a candidate for Federal office) from the reporting committee within the reporting period, together with the date, amount, and purpose of any such disbursement;

(7) the total sum of all contributions to such political committee, together with the total contributions less offsets to contributions and the total sum of all operating expenditures made by such political committee, together with total operating expenditures less offsets to operating expenditures, for both the reporting period and the calendar year (or election cycle, in

*the case of an authorized committee of a candidate for Federal office); and*

\* \* \* \* \*

(c)(1) \* \* \*

(2) Statements required to be filed by this subsection shall be filed in accordance with subsection (a)(2), and shall include—

(A) \* \* \*

\* \* \* \* \*

(C) the identification of each person who made a contribution in excess of \$200 to the person filing such statement which was made for the purpose of furthering an independent expenditure.

Any independent expenditure (including those described in subsection (b)(6)(B)(iii) aggregating \$1,000 or more made after the 20th day, but more than 24 hours, before any election [shall be reported] *shall be filed* within 24 hours after such independent expenditure is made. Such statement shall be filed with the Secretary or the Commission and the Secretary of State and shall contain the information required by subsection (b)(6)(B)(iii) indicating whether the independent expenditure is in support of, or in opposition to, the candidate involved. *Notwithstanding subsection (a)(5), the time at which the statement under this subsection is received by the Secretary, the Commission, or any other recipient to whom the notification is required to be sent shall be considered the time of filing of the statement with the recipient.*

\* \* \* \* \*

(d) *Each principal campaign committee of a candidate for the House of Representatives shall include the following information in reports filed under subsection (a)(2) and subsection (a)(6)(A):*

(1) *With respect to each report filed under such subsection—*

(A) *the total contributions received by the committee with respect to the election cycle involved from local individual residents (as defined in section 315(i)(7)), as of the last day of the period covered by the report;*

(B) *the total contributions received by the committee with respect to the election cycle involved which are not from local individual residents, as of the last day of the period covered by the report; and*

(C) *a certification as to whether the contributions reported comply with the limitation under section 315(i), as of the last day of the period covered by the report.*

(2) *In the case of the first report filed under such subsection which covers the period which begins 19 days before an election and ends 20 days after the election—*

(A) *the total contributions received by the committee with respect to the election cycle involved from local individual residents (as defined in section 315(i)(7)), as of the last day of such period;*

(B) *the total contributions received by the committee with respect to the election cycle involved which are not from local individual residents, as of the last day of such period; and*

(C) a certification as to whether the contributions reported comply with the limitation under section 315(i), as of the last day of such period.

(e) The Commission may by unanimous vote relieve any person or category of persons of the obligation to file any of the reports required by this section, or may change the due dates of any of the reports required by this section, if it determines that such action is consistent with the purposes of this title. The Commission may waive requirements to file reports or change due dates in accordance with this subsection through a rule of general applicability or, in a specific case, by notifying all the political committees involved.

\* \* \* \* \*

#### FEDERAL ELECTION COMMISSION

SEC. 306. (a)(1) There is established a commission to be known as the Federal Election Commission. The Commission is composed of the Secretary of the Senate [and the Clerk of the House of Representatives or their designees] or the designee of the Secretary, ex officio and without the right to vote, and 6 members appointed by the President, by and with the advice and consent of the Senate. No more than 3 members of the Commission appointed under this paragraph may be affiliated with the same political party.

\* \* \* \* \*

(3) Members shall be chosen on the basis of their experience, integrity, impartiality, and good judgment and members (other than the Secretary of the Senate [and the Clerk of the House of Representatives]) shall be individuals who, at the time appointed to the Commission, are not elected or appointed officers or employees in the executive, legislative, or judicial branch of the Federal Government. Such members of the Commission shall not engage in any other business, vocation, or employment. Any individual who is engaging in any other business, vocation, or employment at the time of his or her appointment to the Commission shall terminate or liquidate such activity no later than 90 days after such appointment.

(4) Members of the Commission (other than the Secretary of the Senate [and the Clerk of the House of Representatives]) shall receive compensation equivalent to the compensation paid at level IV of the Executive Schedule. (5 U.S.C. 5315)

(5) The Commission shall elect a chairman and a vice chairman from among its members (other than the Secretary of the Senate [and the Clerk of the House of Representatives]) for a term of one year. A member may serve as chairman only once during any term of office to which such member is appointed. The chairman and the vice chairman shall not be affiliated with the same political party. The vice chairman shall act as chairman in the absence or disability of the chairman or in the event of a vacancy in such office.

\* \* \* \* \*

(f)(1) The Commission shall have a staff director and a general counsel who shall be appointed [by the Commission] by an affirmative vote of not less than 4 members of the Commission and may not serve for a term of more than 4 consecutive years without reappointment in accordance with this paragraph. An individual ap-

*pointed as a staff director or general counsel to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the individual he or she succeeds. An individual serving as staff director or general counsel may not serve in any capacity on behalf of the Commission after the expiration of the individual's term unless reappointed in accordance with this paragraph.* The staff director shall be paid at a rate not to exceed the rate of basic pay in effect for level IV of the Executive Schedule (5 U.S.C. 5315). The general counsel shall be paid at a rate not to exceed the rate of basic pay in effect for level V of the Executive Schedule (5 U.S.C. 5316). With the approval of *not less than 4 members* of the Commission, the staff director may appoint and fix the pay of such additional personnel as he or she considers desirable without regard to the provisions of title 5, United States Code, governing appointments in the competitive service.

\* \* \* \* \*

POWERS OF THE COMMISSION

SEC. 307. (a) The Commission has the power—

(1) \* \* \*

\* \* \* \* \*

(7) to render advisory opinions under section 308 [of this Act] and other written responses under section 308A;

\* \* \* \* \*

*(f)(1) When developing prescribed forms and making, amending, or repealing rules pursuant to the authority granted to the Commission by subsection (a)(8), the Commission shall act in a manner that will have the least restrictive effect on the rights of free speech and association so protected by the First Article of Amendment to the Constitution of the United States.*

*(2) When the Commission's actions under paragraph (1) are challenged, a reviewing court shall hold unlawful and set aside any actions of the Commission that do not conform with the principles set forth in paragraph (1).*

ADVISORY OPINIONS

SEC. 308. (a) \* \* \*

\* \* \* \* \*

*(e) The Commission shall compile, publish, and regularly update a complete and detailed index of the advisory opinions issued under this section through which opinions may be found on the basis of the subjects included in the opinions.*

OTHER WRITTEN RESPONSES TO QUESTIONS

SEC. 308A. (a) *PERMITTING RESPONSES.*—*In addition to issuing advisory opinions under section 308, the Commission shall issue written responses pursuant to this section with respect to a written request concerning the application of this Act, chapter 95 or chapter 96 of the Internal Revenue Code of 1986, a rule or regulation prescribed by the Commission, or an advisory opinion issued by the Commission under section 308, with respect to a specific transaction*

or activity by the person, if the Commission finds the application of the Act, chapter, rule, regulation, or advisory opinion to the transaction or activity to be clear and unambiguous.

(b) *PROCEDURE FOR RESPONSE.*—

(1) *ANALYSIS BY STAFF.*—The staff of the Commission shall analyze each request submitted under this section. If the staff believes that the standard described in subsection (a) is met with respect to the request, the staff shall circulate a statement to that effect together with a draft response to the request to the members of the Commission.

(2) *ISSUANCE OF RESPONSE.*—Upon the expiration of the 3-day period beginning on the date the statement and draft response is circulated (excluding weekends or holidays), the Commission shall issue the response, unless during such period any member of the Commission objects to issuing the response.

(c) *EFFECT OF RESPONSE.*—

(1) *SAFE HARBOR.*—Notwithstanding any other provisions of law, any person who relies upon any provision or finding of a written response issued under this section and who acts in good faith in accordance with the provisions and findings of such response shall not, as a result of any such act, be subject to any sanction provided by this Act or by chapter 95 or chapter 96 of the Internal Revenue Code of 1986.

(2) *NO RELIANCE BY OTHER PARTIES.*—Any written response issued by the Commission under this section may only be relied upon by the person involved in the specific transaction or activity with respect to which such response is issued, and may not be applied by the Commission with respect to any other person or used by the Commission for enforcement or regulatory purposes.

(d) *PUBLICATION OF REQUESTS AND RESPONSES.*—The Commission shall make public any request for a written response made, and the responses issued, under this section. In carrying out this subsection, the Commission may not make public the identity of any person submitting a request for a written response unless the person specifically authorizes to Commission to do so.

(e) *COMPILATION OF INDEX.*—The Commission shall compile, publish, and regularly update a complete and detailed index of the responses issued under this section through which responses may be found on the basis of the subjects included in the responses.

#### ENFORCEMENT

SEC. 309. (a)(1)(A) Any person who believes a violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1954 has occurred, may file a complaint with the Commission. Such complaint shall be in writing, signed and sworn to by the person filing such complaint, shall be notarized, shall be in a standard form prescribed by the Commission, shall not include (but may refer to) extraneous materials, and shall be made under penalty of perjury and subject to the provisions of section 1001 of title 18, United States Code. [Within 5 days after receipt of a complaint, the Commission shall notify, in writing, any person alleged in the complaint to have committed such a violation.] The complaint shall include the names and addresses of persons alleged to have committed such a

violation. Within 5 days after receipt of the complaint, the Commission shall provide written notice of the complaint together with a copy of the complaint to each person described in the previous sentence, except that if the Commission determines that it is not necessary for a person described in the previous sentence to receive a copy of the complaint, the Commission shall provide the person with written notice that the complaint has been filed, together with written instructions on how to obtain a copy of the complaint without charge from the Commission. Before the Commission conducts any vote on the complaint, other than a vote to dismiss, any person so notified shall have the opportunity to demonstrate, in writing, to the Commission within 15 days after notification that no action should be taken against such person on the basis of the complaint. The Commission may not conduct any investigation or take any other action under this section solely on the basis of a complaint of a person whose identity is not disclosed to the Commission.

(B) *The written notice of a complaint provided by the Commission under subparagraph (A) to a person alleged to have committed a violation referred to in the complaint shall include a cover letter (in a form prescribed by the Commission) and the following statement: "The enclosed complaint has been filed against you with the Federal Election Commission. The Commission has not verified or given official sanction to the complaint. The Commission will make no decision to pursue the complaint for a period of at least 15 days from your receipt of this complaint. You may, if you wish, submit a written statement to the Commission explaining why the Commission should take no action against you based on this complaint. If the Commission should decide to investigate, you will be notified and be given further opportunity to respond."*

(2) If the Commission, upon receiving a complaint under paragraph (1) or on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, determines, by an affirmative vote of 4 of its members, that [it has reason to believe that a person has committed, or is about to commit, a violation of this Act of chapter 95 or chapter 96 of the Internal Revenue Code of 1954,] *it has a reason to investigate a possible violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1986 that has occurred or is about to occur (based on the same criteria applicable under this paragraph prior to the enactment of the Campaign Finance Reform Act of 1996),* the Commission shall, through its chairman or vice chairman, notify the person of the alleged violation. Such notification shall set forth the factual basis for such alleged violation. The Commission shall make an investigation of such alleged violation, which may include a field investigation or audit, in accordance with the provisions of this section.

(3)(A) The general counsel of the Commission shall notify the respondent of any recommendation to the Commission by the general counsel to proceed to a vote on probable cause pursuant to paragraph (4)(A)(i). With such notification, the general counsel shall include a brief stating the position of the general counsel on the legal and factual issues of the case. Within 15 days of receipt of such brief, respondent may submit a brief stating the position of such respondent on the legal and factual issues of the case, and replying to the brief of general counsel. Such briefs shall be filed with the

Secretary of the Commission and shall be considered by the Commission before proceeding under paragraph (4).

(B) *If a respondent submits a brief under subparagraph (A), the respondent may submit (at the time of submitting the brief) a request to present an oral argument in support of the respondent's brief before the Commission. If at least 2 members of the Commission approve of the request, the respondent shall be permitted to appear before the Commission in open session and make an oral presentation in support of the brief and respond to questions of members of the Commission. Such appearance shall take place at a time specified by the Commission during the 30-day period which begins on the date the request is approved, and the Commission may limit the length of the respondent's appearance to such period of time as the Commission considers appropriate. Any information provided by the respondent during the appearance shall be considered by the Commission before proceeding under paragraph (4).*

\* \* \* \* \*

ADMINISTRATIVE PROVISIONS

SEC. 311. (a) The Commission shall—

(1) \* \* \*

\* \* \* \* \*

(6)(A) \* \* \*

(B) compile, maintain, and revise a separate cumulative index of reports and statements filed by **multi-candidate committees** *political committees which are not authorized committees of candidates or political party committees*, including in such index a list of **multi-candidate committees** *such committees*; and

(C) compile and maintain a list of **multi-candidate committees** *described in subparagraph (B)*, which shall be revised and made available monthly;

\* \* \* \* \*

LIMITATIONS ON CONTRIBUTIONS AND EXPENDITURES

SEC. 315. (a)(1) No person shall make contributions—

(A) to any candidate and his authorized political committees with respect to any election for Federal office *or to any other political committee other than a political party committee in any calendar year* which, in the aggregate, exceed \$1,000; *or*

(B) to the political committees established and maintained by a national *or State* political party, which are not the authorized political committees of any candidate, in any calendar year which, in the aggregate, exceed \$20,000**;** *or***].**

**[(C) to any other political committee in any calendar year which, in the aggregate, exceed \$5,000.**

**[(2) No multicandidate political committee shall make contributions—**

**[(A) to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$5,000;**

【(B) to the political committees established and maintained by a national political party, which are not the authorized political committees of any candidate, in any calendar year, which, in the aggregate, exceed \$15,000; or

【(C) to any other political committee in any calendar year which, in the aggregate, exceed \$5,000.】

(2) *No political party committee may make contributions—*

(A) *to any candidate or the candidate’s authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$5,000; or*

(B) *to any other political committee other than a political party committee in any calendar year which, in the aggregate, exceed \$5,000.*

(3) *No individual shall make contributions aggregating more than \$25,000 in any calendar year. 【For purposes of this paragraph, any contribution made to a candidate in a year other than the calendar year in which the election is held with respect to which such contribution is made, is considered to be made during the calendar year in which such election is held.】 For purposes of this paragraph, in determining the amount of contributions made by an individual there shall be excluded any contributions made by the individual to a political party or a political party committee.*

(4) *The limitations on contributions contained in paragraphs (1) and (2) do not apply to transfers between and among political committees which are national, State, district, or local committees (including any subordinate committee thereof) of the same political party. 【For purposes of paragraph (2), the term “multicandidate political committee” means a political committee which has been registered under section 303 for a period of not less than 6 months, which has received contributions from more than 50 persons, and, except for any State political party organization, has made contributions to 5 or more candidates for Federal office.】 For purposes of this section, the term “political party committee” means a political committee which is a national, State, district, or local political party committee (including any subordinate committee thereof).*

\* \* \* \* \*

(c)(1) \* \* \* \* \*

\* \* \* \* \*

(3)(A) *The amount of each limitation established under subsection (a) shall be adjusted as follows:*

(i) *For calendar year 1997, each such amount shall be equal to the amount described in such subsection, increased (in a compounded manner) by the percentage increase in the price index (as defined in subsection (c)(2)) for each year after 1976 and before 1998.*

(ii) *For calendar year 1999 and each second subsequent year, each such amount shall be equal to the amount for the second previous year (as adjusted under this subparagraph), increased (in a compounded manner) by the percentage increase in the price index for the previous year and the second previous year.*

(B) *In the case of any amount adjusted under this subparagraph which is not a multiple of \$500, the amount shall be rounded to the nearest lowest multiple of \$500.*

(d)(1) \* \* \*

\* \* \* \* \*

(4)(A) *For purposes of applying the limitations established under paragraphs (2) and (3), in determining the amount of expenditures made by a national committee of a political party or a State committee of a political party (including any subordinate committee of a State committee), there shall be excluded any amounts expended by the committee for communications to the extent the communications are made to members of the party.*

(B) *For purposes of subparagraph (A), an individual shall be considered to be a "member" of a political party if any of the following apply:*

(i) *The individual is registered to vote as a member of the party.*

(ii) *There is a public record that the individual voted in the primary of the party during the most recent primary election.*

(iii) *The individual has made a contribution to the party and the contribution has been reported to the Commission (in accordance with this Act) or to a State reporting agency.*

(iv) *The individual has indicated in writing that the individual is a member of the party.*

(e) *During the first week of January 1975, and every subsequent year, the Secretary of Commerce shall certify to the Commission and publish in the Federal Register an estimate of the voting age population of the United [States, of each State, and of each congressional district] States and of each State as of the first day of July next preceding the date of certification. The term "voting age population" means resident population, 18 years of age or older.*

\* \* \* \* \*

(i)(1) *A candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress may not accept contributions with respect to an election cycle from persons other than local individual residents totaling in excess of the total of contributions accepted from local individual residents (as determined on the basis of the most recent information included in reports pursuant to section 304(d)).*

(2) *In determining the amount of contributions accepted by a candidate for purposes of this subsection, contributions of the candidate's personal funds shall be subject to the following rules:*

(A) *To the extent that the amount of the contribution does not exceed the limitation on contributions made by an individual under subsection (a)(1)(A), such contribution shall be treated as any other contribution.*

(B) *The portion (if any) of the contribution which exceeds the limitation on contributions which may be made by an individual under subsection (a)(1)(A) shall be allocated in accordance with paragraph (8).*

(3) *In determining the amount of contributions accepted by a candidate for purposes of this subsection, contributions from a political party or a political party committee shall be allocated in accordance with paragraph (8).*

(4) *In determining the amount of contributions accepted by a candidate for purposes of this subsection, any funds remaining in the*

*candidate's campaign account after the filing of the post-general election report under section 304(a)(2)(A)(ii) for the most recent general election shall be allocated in accordance with paragraph (8).*

*(5) In determining the amount of contributions accepted by a candidate for purposes of this subsection, any contributions accepted pursuant to subsection (j) which are from persons other than local individual residents shall be allocated in accordance with paragraph (8).*

*(6)(A) Any candidate who accepts contributions that exceed the limitation under this subsection, as determined on the basis of information included in reports pursuant to section 304(d), shall pay to the Commission at the time of the filing of the report which contains the information, for deposit in the Treasury, an amount equal to 3 times the amount of the excess contributions (or, in the case of a candidate described in subparagraph (C), an amount equal to 5 times the amount of the excess contributions plus a civil penalty in an amount determined by the Commission).*

*(B) Any amounts paid by a candidate under this paragraph shall be paid from contributions subject to the limitations and prohibitions of this title, including the limitation under this subsection.*

*(C) A candidate described in this subparagraph is a candidate who accepts contributions that exceed the limitation under this subsection as of the last day of the period ending on the 20th day before an election or any period ending after such 20th day and before or on the 20th day after such election.*

*(7) As used in this subsection, the term "local individual resident" means an individual who resides in the congressional district involved.*

*(8) For purposes of this subsection, any amounts allocated in accordance with this paragraph shall be allocated as follows:*

*(A) 50 percent of such amounts shall be deemed to be contributions from local individual residents.*

*(B) 50 percent of such amounts shall be deemed to be contributions from persons other than local individual residents.*

*(j)(1) Notwithstanding subsection (a), if in a general election a House candidate makes expenditures of personal funds (including contributions by the candidate to the candidate's authorized campaign committee) in an amount in excess of the amount of the limitation established under subsection (a)(1)(A) and less than or equal to \$150,000 (as reported under section 304(a)(2)(A)), a political party committee may make contributions to an opponent of the House candidate without regard to any limitation otherwise applicable to such contributions under subsection (a), except that the opponent may not accept aggregate contributions under this paragraph in an amount greater than the greatest amount of personal funds expended (including contributions to the candidate's authorized campaign committee) by any House candidate (other than such opponent) with respect to the election (as reported in a notification submitted under section 304(a)(6)(B)).*

*(2) If a House candidate makes expenditures of personal funds (including contributions by the candidate to the candidate's authorized campaign committee) with respect to an election in an amount greater than \$150,000 (as reported under section 304(a)(2)(A)), the following rules shall apply:*

(A) *In the case of a general election, the limitations under subsections (a)(1) and (a)(2) (insofar as such limitations apply to political party committees and to individuals) shall not apply to contributions to the candidate or to any opponent of the candidate, except that neither the candidate or any opponent may accept aggregate contributions under this subparagraph and paragraph (1) in an amount greater than the greatest amount of personal funds (including contributions to the candidate's authorized campaign committee) expended by any House candidate with respect to the election (as reported in a notification submitted under section 304(a)(6)(B)).*

(B) *In the case of an election other than a general election, the limitations under subsection (a)(1) (insofar as such limitations apply to individuals) shall not apply to contributions to the candidate or to any opponent of the candidate, except that neither the candidate or any opponent may accept aggregate contributions under this subparagraph in an amount greater than the greatest amount of personal funds (including contributions to the candidate's authorized campaign committee) expended by any House candidate with respect to the election (as reported in a notification submitted under section 304(a)(6)(B)).*

(3) *Each of the amounts provided under paragraph (1) or (2) shall be adjusted for each biennial period beginning after the 1998 general election in the same manner as the amounts of limitations on contributions established under subsection (a) are adjusted under subsection (c)(3).*

(4) *In this subsection, the term "House candidate" means a candidate in an election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress.*

(k)(1) *Subject to paragraph (2), if, in a general election for Federal office, a candidate who is the incumbent uses campaign funds carried forward from an earlier election cycle, any political party committee may make contributions to the nominee of that political party to match the funds so carried forward by such incumbent. For purposes of this paragraph, funds shall be considered to have been carried forward if the funds represent cash on hand as reported in the applicable post-general election report filed under section 304(a) for the general election involved, plus any amount expended on or before the filing of the report for a later election, less legitimate outstanding debts relating to the previous election up to the amount reported.*

(2) *The political party contributions under paragraph (1) may be made without regard to any limitation amount otherwise applicable to such contributions made under subsections (a) or (i), but a candidate may not accept contributions under this subsection in excess of the total of funds carried forward by the incumbent candidate.*

(l) *No candidate or political committee may accept any contributions of currency of the United States or currency of any foreign country from any person which, in the aggregate, exceed \$100.*

CONTRIBUTIONS OR EXPENDITURES BY NATIONAL BANKS,  
CORPORATIONS, OR LABOR ORGANIZATIONS

SEC. 316. (a) \* \* \*  
(b)(1) \* \* \*

(2) For purposes of this section and section 12(h) of the Public Utility Holding Company Act (15 U.S.C. 79l(h)), the term “contribution or expenditure” shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any election to any of the offices referred to in this section, but shall not include (A) communications by a corporation to its stockholders and **【executive or administrative personnel】** *officers or employees* and their families or by a labor organization to its members and their families on any subject; (B) nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and **【executive or administrative personnel】** *officers or employees* and their families, or by a labor organization aimed at its members and their families; and (C) the establishment, administration, and solicitation of contributions to a separate segregated fund to be utilized for political purposes by a corporation, labor organization, membership organization, cooperative, or corporation without capital stock.

(3) It shall be unlawful—

(A) *for such a fund to cause another person to make a contribution or expenditure by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal;*

**【(A)】** (B) *for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal; or by dues, fees, or other moneys required as a condition of membership in a labor organization or as a condition of employment, or by moneys obtained in any commercial transaction;*

**【(B)】** (C) *for any person soliciting an employee for a contribution to such a fund to fail to inform such employee of the political purposes of such fund at the time of such solicitation; and*

**【(C)】** (D) *for any person soliciting an employee for a contribution to such a fund to fail to inform such employee, at the time of such solicitation, of his right to refuse to so contribute without any reprisal.*

(4)(A) Except as provided in subparagraphs **【(B), (C),】** (C) and (D), it shall be unlawful—

(i) *for a corporation, or a separate segregated fund established by a corporation, to solicit contributions to such a fund from any person other than its stockholders and their families and its **【executive or administrative personnel】** officers or employees and their families, and*

(ii) *for a labor organization, or a separate segregated fund established by a labor organization, to solicit contributions to such a fund from any person other than its members and their families**【.】**, its officers or employees and their families, employees who are not members and their families, and officers, employees, or stockholders of a corporation (and their families) in*

*which the labor organization represents members working for the corporation.*

[(B) It shall not be unlawful under this section for a corporation, a labor organization, or a separate segregated fund established by such corporation or such labor organization, to make 2 written solicitations for contributions during the calendar year from any stockholder, executive or administrative personnel, or employee of a corporation or the families of such persons. A solicitation under this subparagraph may be made only by mail addressed to stockholders, executive or administrative personnel, or employees at their residence and shall be so designed that the corporation, labor organization, or separate segregated fund conducting such solicitation cannot determine who makes a contribution of \$50 or less as a result of such solicitation and who does not make such a contribution.]

(C) This paragraph shall not prevent a membership organization, cooperative, or corporation without capital stock, or a separate segregated fund established by a membership organization, cooperative, or corporation without capital stock, from soliciting contributions to such a fund from members of such organizations, cooperative, or corporation without capital stock.

(D) This paragraph shall not prevent a trade association or a separate segregated fund established by a trade association from soliciting contributions from the stockholders and [executive or administrative personnel] *officers or employees* of the member corporations of such trade association and the families of such stockholders or personnel to the extent that such solicitation of such stockholders and personnel, and their families, has been separately and specifically approved by the member corporation involved, and such member corporation does not approve any such solicitation by more than one such trade association in any calendar year.

(5) Notwithstanding any other law, any method of soliciting voluntary contributions or of facilitating the making of voluntary contributions to a separate segregated fund established by a corporation, permitted by law to corporations with regard to stockholders and [executive or administrative personnel] *officers or employees*, shall also be permitted to labor organizations with regard to their members.

\* \* \* \* \*

[(7) For purposes of this section, the term "executive or administrative personnel" means individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities.]

(7)(A) *Any corporation or labor organization (or separate segregated fund established by such a corporation or such a labor organization) making solicitations of contributions shall make such solicitations in a manner that ensures that the corporation, organization, or fund cannot determine who makes a contribution of \$100 or less as a result of such solicitation and who does not make such a contribution.*

(B) Subparagraph (A) shall not apply with respect to any solicitation of contributions of a corporation from its stockholders.

\* \* \* \* \*

(c)(1) No political action committee or person required to register under the Lobbying Disclosure Act of 1995 (2 U.S.C. 1601 et seq.) may act as an intermediary or conduit with respect to a contribution to a candidate for Federal office.

(2) In this subsection, the term “political action committee” means any political committee which is not—

- (A) the principal campaign committee of a candidate; or
- (B) a political party committee.

\* \* \* \* \*

#### USE OF PAYROLL DEDUCTIONS FOR CONTRIBUTIONS

SEC. 323. (a) REQUIREMENTS FOR AUTHORIZATION OF DEDUCTION.—

(1) IN GENERAL.—No amounts withheld from an individual’s wages or salary during a year may be used for any contribution under this title unless there is in effect an authorization in writing by the individual permitting the withholding of such amounts for the contribution.

(2) PERIOD OF AUTHORIZATION.—An authorization described in this subsection may be in effect with respect to an individual for such period as the individual may specify (subject to cancellation under paragraph (3)), except that the period may not be longer than 12 months.

(3) RIGHT OF CANCELLATION.—An individual with an authorization in effect under this subsection may cancel or revise the authorization at any time.

(b) INFORMATION PROVIDED BY WITHHOLDING ENTITY.—

(1) IN GENERAL.—Each entity withholding wages or salary from an individual with an authorization in effect under subsection (a) shall provide the individual with a statement that the individual may at any time cancel or revise the authorization in accordance with subsection (a)(3).

(2) TIMING OF NOTICE.—The entity shall provide the information described in paragraph (1) to an individual at the beginning of each calendar year occurring during the period in which the individual’s authorization is in effect.

#### RESTRICTIONS ON USE OF NON-FEDERAL FUNDS

SEC. 324. (a) PROHIBITING USE OF FUNDS IN FEDERAL ELECTIONS.—No funds may be expended by a political party committee for the purpose of influencing an election for Federal office unless the funds are subject to the limitations and prohibitions of this Act, except as may be provided in this section.

(b) RESTRICTIONS ON USE OF FUNDS FOR MIXED ACTIVITIES.—

(1) PROHIBITING USE BY NATIONAL PARTY COMMITTEES.—A national committee of a political party (including any subordinate committee thereof) may not use any funds which are not subject to the limitations and prohibitions of this Act for any mixed activity.

(2) *USE BY STATE OR LOCAL PARTY COMMITTEES.*—A State, local, or district committee of a political party (including any subordinate committee thereof) may use funds which are not subject to the limitations and prohibitions of this Act for mixed activity if the funds are allocated in accordance with the process described in subsection (g).

(3) *MIXED ACTIVITY DEFINED.*—In this subsection, the term “mixed activity” means any activity which is both for the purpose of influencing an election for Federal office and for any purpose unrelated to influencing an election for Federal office, including voter registration, absentee ballot programs, and get-out-the-vote programs, but does not include the payment of any administrative or overhead costs, including salaries (other than payments made to individuals for get-out-the-vote activities conducted on the day of an election), rent, fundraising, or communications to members of a political party.

(c) *RESTRICTIONS ON USE OF FUNDS FOR MIXED CANDIDATE-SPECIFIC ACTIVITIES.*—

(1) *REQUIRING ALLOCATION AMONG CANDIDATES.*—A political party committee may use funds which are not subject to the limitations and prohibitions of this Act for mixed candidate-specific activities if the funds are allocated among the candidates involved on the basis of the time and space allocated to the candidates.

(2) *MIXED CANDIDATE-SPECIFIC ACTIVITY DEFINED.*—In this subsection, the term “mixed candidate-specific activity” means any activity which is both for the purpose of promoting a specific candidate or candidates in an election for Federal office and for the purpose of promoting a specific candidate or candidates in any other election.

(d) *FUNDS FOR PARTY COMMUNICATIONS WITH MEMBERS.*—Subsection (a) shall not apply with respect to funds expended by a political party for communications to the extent the communications are made to members of the party (as determined in accordance with section 315(d)(4)), except that any communications which are both for the purpose of expressly advocating the election or defeat of a specific candidate for election to Federal office and for any other purpose shall be subject to allocation in the same manner as funds expended for mixed candidate-specific activities under subsection (c).

(e) *FUNDS AVAILABLE FOR STATE AND LOCAL PARTY VOLUNTEER AND GRASSROOTS ACTIVITIES.*—Subsection (a) shall not apply with respect to payments described in section 301(8)(B)(xv) or section 301(9)(B)(xi), except that any payments which are both for the purpose of expressly advocating the election or defeat of a specific candidate for election to Federal office and for any other purpose shall be subject to allocation in the same manner as funds expended for mixed candidate-specific activities under subsection (c).

(f) *RULE OF CONSTRUCTION REGARDING INTRA-PARTY TRANSFERS.*—Nothing in this section shall be construed to prohibit the transfer between and among national, State, or local party committees (including any subordinate committees thereof) of funds which are not subject to the limitations and prohibitions of this Act.

(g) STATE AND LOCAL PARTY COMMITTEES; METHOD FOR ALLOCATING EXPENDITURES FOR MIXED ACTIVITIES.—

(1) GENERAL RULE.—All State and local party committees except those covered by paragraph (2) shall allocate their expenses for mixed activities, as described in subsection (b)(2), according to the ballot composition method described as follows:

(A) Under this method, expenses shall be allocated based on the ratio of Federal offices expected on the ballot to total Federal and non-Federal offices expected on the ballot in the next general election to be held in the committee's State or geographic area. This ratio shall be determined by the number of categories of Federal offices on the ballot and the number of categories of non-Federal offices on the ballot, as described in subparagraph (B).

(B) In calculating a ballot composition ratio, a State or local party committee shall count the Federal offices of President, United States Senator, and United States Representative, if expected on the ballot in the next general election, as one Federal office each. The committee shall count the non-Federal offices of Governor, State Senator, and State Representative, if expected on the ballot in the next general election, as one non-Federal office each. The committee shall count the total of all other partisan statewide executive candidates, if expected on the ballot in the next general election, as a maximum of two non-Federal offices. State party committees shall also include in the ratio one additional non-Federal office if any partisan local candidates are expected on the ballot in any regularly scheduled election during the 2 year congressional election cycle. Local party committees shall also include in the ratio a maximum of 2 additional non-Federal offices if any partisan local candidates are expected on the ballot in any regularly scheduled election during the 2 year congressional election cycle. State and local party committees shall also include in the ratio 1 additional non-Federal office.

(2) EXCEPTION FOR STATES THAT DO NOT HOLD FEDERAL AND NON-FEDERAL ELECTIONS IN THE SAME YEAR.—State and local party committees in states that do not hold Federal and non-Federal elections in the same year shall allocate the costs of mixed activities according to the ballot composition method described in paragraph (1), based on a ratio calculated for that calendar year.

\* \* \* \* \*

FEDERAL MANDATES

The Committee states, with respect to section 423 of the Congressional Budget Act of 1974, that the bill does not include any Federal mandate.

## MINORITY VIEWS

On November 2, 1995, Speaker Gingrich told this Committee that elections cost too little, and called for an increase in the amount of money in politics. He stated: “[O]ne of the greatest myths of American politics is that campaigns are too expensive. The political process, in fact, is underfunded; it is not overfunded. \* \* \*” The Campaign Finance Reform Act of 1996 (H.R. 3760)—which passed the Committee on a party line vote—achieves the Speaker’s objective. It dramatically increases the amount of money in politics and the influence of the wealthy special interests that can provide the money.

First, H.R. 3760 raises most of the contribution limits set forth in the Federal Election Campaign Act (“FECA”). The proposed increases are staggering. For example, a wealthy individual currently can contribute a total of \$25,000 per year to candidates, PACs, and parties combined. Under the Republican bill, that same person could contribute over \$3 million, more than 125 times the amount that the law presently allows. Moreover, the increased limits are indexed to ensure that they rise further—and that they continue to do so forever. This will ensure that wealthy contributors never lose their influence.

Second, the Republican bill perpetuates the flow of unregulated “soft money” to the political parties. In the 103rd Congress, the Republicans proposed a ban on soft money. H.R. 3760, by contrast, creates several new loopholes for the parties to use non-federal funds. The current Republican affection for soft money is unsurprising; in the fifteen month period following the 1994 election, the Republican Party received approximately \$50 million in unregulated soft money from wealthy individuals and corporations.

Third, H.R. 3760 reduces disclosure of political spending by special interest groups by codifying the narrowest possible definition of an independent expenditure. Under the Republican approach, advertising by special interest groups will be secret and unregulated unless it includes certain “magic words.” This provides a blueprint for avoiding disclosure, and invites the continued expansion of anonymous negative advertising campaigns. The Republicans apparently approve of unregulated negative advertisements, because they unanimously rejected Democratic efforts to require disclosure of the funding sources for such expenditures—including one proposal that was drawn directly from the Republican campaign finance proposal in the 103rd Congress, and was sponsored by Speaker Gingrich and the current Chairman of this Committee.

In sum, the Republican bill does exactly what it was designed to do. It dramatically increases the amount of money in politics and the political influence of the wealthy individuals and special interests who can afford to make the massive contributions that H.R. 3760 permits. As a consequence, the Republican bill makes ordi-

nary working Americans irrelevant to the funding of the political process.

A. THE REPUBLICAN BILL DRAMATICALLY INCREASES THE AMOUNT OF MONEY IN POLITICS AND THE INFLUENCE OF WEALTHY SPECIAL INTERESTS

Virtually every provision of H.R. 3760 increases the amount of money in politics. Moreover, it does so in a way that increases the influence of the wealthiest Americans. The bill raises the limit on contributions to candidates. It raises the limit on contributions to national party committees. It raises the limit on contributions to state party committees. It raises the limit on contributions to local party committees. As a practical matter, the bill eliminates the aggregate limit on the amount that a wealthy individual can contribute to a political party and its candidates. The current limits permit a wealthy individual to contribute more each year than most Americans earn in a year. The “limits” in the Republican bill would permit that wealthy individual to contribute more in a single year than most Americans earn in a lifetime.

1. THE REPUBLICAN BILL WILL TRIPLE CONTRIBUTION LIMITS IMMEDIATELY AND WILL GUARANTEE THAT THEY CONTINUE TO RISE FOREVER

Under the guise of adjusting for inflation, the indexing proposal in H.R. 3760 will essentially triple most of the contribution limits set forth in the FECA. The indexing provision increases all applicable contribution limits by a factor of 2.917. Moreover, the provision calls for an automatic increase in contribution limits every time an indexed limit rises by a multiple of \$500. In other words, the bill does not merely raise the contribution limits; it ensures that the limits continue to rise forever.

The Republicans defend their proposed increase on the grounds that it compensates for inflation. Apparently, they fear that the political influence of the wealthy has waned because \$1,000 contributions are worth less than they used to be and because the \$25,000 aggregate annual contribution limit for individuals has not risen. Few Americans share this concern. Most Americans *earn* less than \$25,000 per year and cannot conceive of contributing that much to political candidates. Nor can ordinary working Americans accept the Republican premise that a \$1,000 individual contribution limit is inadequate, and that the limit must be raised (for now at least) to \$2,500 per election and \$5,000 per election cycle. Quite properly, the increased contribution limits proposed in H.R. 3760 will exacerbate the public perception that the political process is closed to ordinary working Americans, and that only the economic elites can participate effectively.

In any event, it is noteworthy that Republican concerns about adjusting for inflation apparently do not extend to ordinary working Americans. In 1976—the year in which the Republican bill begins indexing contribution limits—the minimum wage was \$2.30. If that amount were indexed under the Republican formula, the minimum wage currently would be \$6.71. However, earlier this year,

the Republicans, including Speaker Gingrich and the Chairman of this Committee, opposed raising the minimum wage to \$5.15.

2. UNDER H.R. 3760, A WEALTHY INDIVIDUAL CAN GIVE MORE THAN \$3 MILLION IN CONTRIBUTIONS IN A SINGLE YEAR

The Republican bill permits a wealthy individual to contribute immense amounts to candidates, PACs and political parties. Currently, an individual may contribute a combined total of \$25,000 per year to candidates, PACs, and political parties. The Republican bill would permit that same individual to contribute more than \$3 million each year.

H.R. 3760 increases aggregate contribution limits in several ways. First, the bill raises the amount that an individual may contribute directly to candidates and PACs from \$25,000 per calendar year to \$72,500. Second, the bill increases the amount that an individual may contribute to a national political party from \$20,000 total per calendar year to \$58,000 per calendar year for each party committee. Because the national parties have three committees, an individual could give each party \$174,000 per year. Third, the bill raises the total amount that an individual can contribute to a state political party from \$5,000 per calendar year to \$58,000 per calendar year for each party committee.

The combined effect of these increases is staggering. As noted above, H.R. 3760 permits an individual to give \$72,500 to candidates and PACs. Under current law, an individual who did so could make no other contributions that year. However, H.R. 3760 exempts contributions to national and state parties from an individual's aggregate annual limit. In fact, H.R. 3760 contains no limit on aggregate contributions to parties. As a consequence, the bill would permit an individual to give \$58,000 to each of the 50 state parties—a total of \$2.9 million—in a single calendar year. The same individual could give \$174,000 to a national party and \$72,500 to candidates and PACs. Therefore, under H.R. 3760, a wealthy individual could make \$3,146,500 in contributions each year, more than 125 times as much as he or she could contribute under current law. In addition, even these so-called limits are indexed, and would increase each year.

3. THE REPUBLICAN BILL WILL INCREASE UNREGULATED SOFT MONEY CONTRIBUTIONS BY WEALTHY INDIVIDUALS AND SPECIAL INTERESTS

In recent times, soft money has been criticized as a back door through which unregulated contributions from wealthy individuals and corporations enter the political process. The Democratic campaign finance reform bill (H.R. 3505) would address this concern by banning soft money. The Republicans apparently agreed with this approach in the 103rd Congress. In their minority views regarding H.R. 3, the Republicans described soft money as a "loophole" and called for its elimination. Consistent with this rhetoric, the Republican campaign finance proposal (H.R. 3470) would have banned the use of soft money to influence federal elections.

H.R. 3760, by contrast, makes no effort to staunch the flow of soft money. The newfound Republican attachment to soft money can be easily explained. In the fifteen months following the 1994 election, the Republican Party received approximately \$50 million

in soft money from wealthy individuals and corporations, more than two and a half times as much as they received from 1994–96 when they were in the minority. Thus, the Republicans will not sacrifice their partisan fundraising advantage on the altar of consistency—or principle. On the contrary, the Republican bill exploits the Republican affinity for unregulated soft money. The bill does not merely permit the continued flow of soft money; it actually expands the ways in which soft money can be used. By doing so, H.R. 3760 will increase the amount of soft money that flows into the political system—and the influence of the wealthy special interests that provide it.

Under current law, a political party must use regulated funds to pay for its activities in support of federal candidates. If a party's activities benefit both federal and state candidates, the party must allocate the costs, and use federal funds for the federal portion. H.R. 3760, by contrast, would permit the use of unregulated, non-federal funds for a party's administrative expenses, including salaries, rent, and fundraising costs, even if those expenses were incurred entirely for the benefit of federal candidates.

In addition, H.R. 3760 would permit the political parties to use soft money for unlimited communications with party members on any subject. Under current law, the parties are free to communicate their views to members and other voters, but the party expenditures count as contributions to the candidates they benefit. Under H.R. 3760, by contrast, most such communications would be exempt from a party's contribution limits. Moreover, the parties could use unregulated non-federal funds to pay for the communications, even if the communications were devoted entirely to discussions of federal candidates and federal issues. In practice, therefore, H.R. 3760 would permit the Republican Party to use unlimited and unregulated corporate contributions to pay for continuous attacks on Democratic officeholders—and to pretend that the attacks were not intended to benefit Republican candidates.

It is beyond cavil that expanding the permissible uses of soft money will encourage the parties to seek more such funds. As a consequence, H.R. 3760 encourages the growth in unregulated soft money. Thus, the Republican bill would not only enormously increase the amount of money in politics, it would cause the increase to come from the worst possible place—unlimited and unregulated contributions from wealthy individuals and corporations. This can only exacerbate the public perception that the Republican Congress is for sale to the highest bidder.

#### 4. H.R. 3760 ENCOURAGES NEGATIVE CAMPAIGNING BY ADOPTING THE NARROWEST POSSIBLE DEFINITION OF INDEPENDENT EXPENDITURES

H.R. 3760 encourages anonymous negative advertising. Under the guise of a “bright-line” test, the bill adopts the narrowest possible definition of an independent expenditure. In particular, the bill would exempt political advertisements by non-candidates from regulation as independent expenditures unless they contain certain “magic words” such as “vote for” or “vote against.” The Republican proposal would prohibit a court from considering the intent of the group sponsoring an advertisement. It also would prevent a court from considering the context of an advertisement—such as the ad-

vertisement's proximity in time to an election or the other activities of the group sponsoring the advertisement. As such, H.R. 3760 would do little more than provide a blueprint for avoiding regulation by clever draftsmanship.

The practical effects of the Republican proposal illustrate its absurdity. Under the Republican definition, a special interest group like GOPAC could run negative advertisements that attack a candidate by name during the weeks before an election, and which state that "It's time for a change"—without reporting the advertisements to the Federal Election Commission or disclosing the funding sources for the advertisements. The same special interest group also could run advertisements criticizing the Democrats and urging voters to "vote Republican"—without reporting its expenditures to the FEC or disclosing the funding sources for the advertisements. Common sense dictates that these advertisements would have the intent—and the effect—of influencing an election. However, as long as they avoided the "magic words," they would be completely unregulated.

The American people believe that political campaigns have become too negative. The Republican bill thumbs its nose at this concern. Instead of limiting the special interest advertising that has contributed to the public perception that campaigns are too negative, the Republican bill encourages more such advertising. H.R. 3760 will open the floodgates to unrestrained—and unreported—negative advertising campaigns by special interests.

5. THE IN-DISTRICT LIMITS PROPOSED BY THE REPUBLICANS ARE AN  
UNWORKABLE SHAM

H.R. 3760 would require congressional candidates to raise more than half of their campaign contributions (50% plus one cent) from individuals who reside in their congressional districts. This proposal raises serious constitutional questions regarding the first amendment rights of candidates and potential contributors from outside the district. Even if the proposal is constitutional, however, it is not workable. There is no practical way for a candidate to determine whether a contributor lives in his or her district. Moreover, the proposal is a sham.

*Taken as a whole, the Republican bill would centralize political power in Washington*

The Republicans describe their in-district fundraising proposal as a way to return political influence to local voters. Under some circumstances, in-district limits might well increase the influence of local residents—at least those local residents wealthy enough to contribute \$2,500 to candidates as permitted under H.R. 3760. However, in the context of the entire Republican bill, the in-district provision actually would have the opposite effect.

As a practical matter, H.R. 3760 would restrict fundraising by individual candidates, but would permit virtually limitless contributions to the national and state political parties. The bill also would expand dramatically the ways in which a party could use those funds to benefit candidates. In addition, the Supreme Court recently held that parties may make unlimited independent expenditures on behalf of candidates. As a consequence, the Republican in-

district limits actually would shift power—in the form of money and resources—away from individual candidates and towards the national party apparatus in Washington.

*The in-district proposal is unworkable*

As noted previously, there is no reasonable way for a candidate to determine where a contributor resides. To begin with, a contributor has no legal obligation to provide a candidate with his or her address. Moreover, those contributors who do provide addresses frequently provide business addresses, not their residences. Consequently, there are numerous contributors for whom candidates cannot obtain accurate addresses.

Even if a candidate could obtain accurate addresses for all contributors, there is no practical way to determine whether the contributors live in the candidate's congressional district. Voter registration lists, for example, do not include all district residents and are not updated sufficiently frequently. Zip codes and telephone exchanges may demonstrate that contributors live outside a district, but cannot be used to determine whether a contributor lives inside a district because zip codes and telephone exchanges cross district lines.

Although a candidate conceivably could combine the foregoing information to construct an approximate list of in-district contributors, the cost and administrative burden involved in such an effort would be substantial. For a well-established and well-funded incumbent, the money and human resources to compile the information presumably could be diverted from other purposes. For an underfunded challenger, however, the burden could doom a campaign. As a practical matter, moreover, an incumbent would be far more likely than a challenger to have access to the wealthy district residents with the resources to contribute the \$2,500 per election permitted under H.R. 3760. Therefore, the in-district limit would severely limit a challenger's ability to raise enough money to run a credible campaign. As such, the Republican proposal would create an incumbent advantage.

In sum, the Republican in-district provision is a gimmick, not a workable proposal.

6. THE REPUBLICANS IMPOSE SUBSTANTIAL NEW RESPONSIBILITIES ON THE FEC, BUT REFUSE TO PROVIDE SUFFICIENT RESOURCES TO DISCHARGE THEM

The Republican campaign finance bill would require the FEC to discharge a number of additional responsibilities. For example, H.R. 3760 would require the FEC to process within 24 hours all candidate reports filed during the last 20 days of a campaign, and to post those reports on the Internet within 24 hours of receipt. Similarly, the Republicans would establish a second procedure whereby the Commission could respond to written inquiries regarding its rules (advisory opinions already are available). Also, the Republican in-district fundraising proposal would impose new duties on the FEC—which presumably would be called upon to ascertain the residence of contributors, at least in disputed cases.

Whatever the merits of these proposals, they share a common flaw. Under the Republican Congress, the FEC lacks the resources

to carry them out. Moreover, the situation is getting worse. This year, by a party-line vote, the Committee froze the FEC budget at 1996 levels—which the FEC estimated meant a real reduction of approximately \$1.2 million.

#### B. THE DEMOCRATIC BILL REDUCES THE AMOUNT OF MONEY IN POLITICS AND THE INFLUENCE OF WEALTHY SPECIAL INTERESTS

The American people believe that campaigns cost too much. They further believe that the cost entailed in seeking or retaining office makes candidates vulnerable to improper influence from the wealthy special interests that fund campaigns. As discussed above, the Republican bill would exacerbate the problem by increasing the amount of money in politics. The Democratic approach to campaign finance reform, by contrast, would effectuate the desire of the American people. The fundamental purpose of the Democratic campaign finance reform bill (H.R. 3505)—“the American Political Reform Act”—is to reduce the amount of money in politics and thereby to reduce the influence of the wealthy special interests that provide that money.

The contrast between H.R. 3505 and the Republican bill is stark. First and foremost, H.R. 3505 imposes voluntary limits on campaign spending. The Republican bill does nothing to limit campaign spending. Second, the Democratic bill forces candidates to rely on small contributions from ordinary working Americans. The Republican bill encourages candidates to raise their campaign funds primarily from wealthy individuals and special interests. Third, H.R. 3505 bans soft money. The Republican bill increases its attractiveness. Fourth, the Democratic bill defines independent expenditures far more broadly than the Republican bill. Thus, H.R. 3505 would diminish anonymous negative advertising while the Republican bill would invite it.

#### 1. THE DEMOCRATIC BILL IMPOSES A VOLUNTARY LIMIT ON CAMPAIGN SPENDING

The Supreme Court established in 1976 that mandatory spending limits for congressional candidates violate the first amendment. At the same time, however, the Court held that voluntary spending limits do not violate the constitution. As such, the Court delineated the best, and possibly the only, method for reducing the amount of money in politics—voluntary spending limits.

Following the Supreme Court’s lead, the Democratic bill establishes a voluntary spending limit for congressional candidates. In general, H.R. 3505 would permit a candidate to spend \$600,000 per election cycle, indexed for inflation. The limits do not apply to certain legal and accounting costs incurred by campaigns. Also, the limits increase slightly if a candidate endures a closely contested primary. The Republicans quibble that these provisions raise the actual amount a candidate may spend. That observation is true but irrelevant. The central point remains: H.R. 3505 limits campaign spending and ensures that campaign spending remains limited for all times. The Republican bill does not even try to limit spending.

2. THE DEMOCRATIC BILL WILL ENSURE THAT REDUCED CAMPAIGN SPENDING DOES NOT RESULT IN REDUCED POLITICAL SPEECH

Speaker Gingrich has opposed campaign spending limits on the grounds that American businesses spend more money selling consumer products than congressional candidates spend seeking election. This argument is a canard. Spending limits are entirely compatible with open political discourse.

The spending limits in H.R. 3505 will not diminish political speech. In exchange for limiting their campaign spending, candidates would receive reduced rates for television, radio and postage. This provision not only makes the voluntary limits attractive to candidates—and thus makes the limits effective—it also ensures that the American people have access to the vigorous political discourse they deserve.

In sum, the Democratic bill will allow candidates to get their message out without becoming beholden to special interests. The Republican bill perpetuates the current system in which candidates need to raise and spend enormous amounts—which increases the influence of wealthy special interests at the expense of the average American voter.

3. THE DEMOCRATIC BILL ENCOURAGES CANDIDATES TO RELY ON SMALL CONTRIBUTORS

As noted previously, the Republican bill increases the influence of the wealthiest contributors by raising the contribution limits from \$1,000 per election to \$2,500 per election and by raising the aggregate limit on individual contributions from \$25,000 per year to \$72,500 per year. The Democratic bill, by contrast, limits contributions from the wealthiest contributors, and encourages candidates to depend upon small contributors who give \$200 or less. As a practical matter, therefore, the Democratic bill shifts political influence away from the wealthiest contributors and towards ordinary working Americans.

The Democratic bill divides contribution limits into three categories: PACs, large individual contributors, and small individual contributors. First, H.R. 3505 limits PAC contributions to \$200,000 or one-third of a candidate's total spending limit. Second, H.R. 3505 caps contributions from wealthy contributors who give over \$200 to \$200,000 or one-third of candidate's total spending limit. Finally, H.R. 3505 permits unlimited contributions from small donors who give less than \$200. Taken together, the contribution limits in H.R. 3505 encourage candidates to seek contributions from small donors—and discourage excessive reliance on large contributors and PACs. In this fashion, the Democratic bill will reduce the influence of wealthy special interests and will enhance the influence of ordinary working Americans.

4. THE DEMOCRATIC BILL ELIMINATES SOFT MONEY

As discussed above, soft money contributions to political parties have been criticized as a loophole in the campaign finance laws and as a back door through which wealthy special interests gain influence over the political process. These concerns are especially acute because soft money contributions are unlimited—contributors can

give as much as they want—and because the contributions often come from corporations and other organizations that are prohibited from making direct campaign contributions.

The Democratic bill addresses public concerns over soft money by prohibiting soft money contributions. The Republican bill does not limit soft money.

#### 5. THE DEMOCRATS WOULD INCREASE DISCLOSURE OF POLITICAL SPENDING

Even if the contribution limits and soft money ban contained in H.R. 3505 were enacted into law, wealthy special interests could redirect much of their political spending into less regulated forms, such as independent expenditures and so-called “issue advocacy” campaigns. During the mark-up, the Democrats offered several proposals to address this problem. All were rejected by the Republicans on party-line votes.

##### *Independent expenditures*

H.R. 3505 would halt some of the most egregious abuses of issue advocacy by clarifying the definition of an independent expenditure. This provision, which codifies existing law, is based on *Furgatch v. Federal Election Commission*, 807 F.2d 857 (9th Cir. 1987), a decade-old federal appeals court decision. Under *Furgatch*, a court may consider the context of an expenditure or a communication in determining whether it contained express advocacy—and thus was intended to influence a federal election. This is a reasonable and realistic approach, and stands in stark contrast to the Republican bill—which permits unbridled and unregulated expenditures, so long as they do not contain explicit terminology such as “vote for” or “vote against.”

There are three principal effects of defining a communication as an independent expenditure: (1) corporations and labor organizations are prohibited from making such expenditures; (2) groups that make permissible independent expenditures must register with the FEC and disclose the sources of their contributions; and (3) independent expenditures by PACs or political parties must be made with regulated federal funds, not unregulated soft money. These modest burdens will not limit legitimate political speech in any way. They will, however, shed sunlight on political spending by interest groups, and apprise the American people where the interest groups raised those funds.

##### *Election-related issue advocacy*

Committee Democrats also sought to address concerns raised by political communications that do not rise to the level of independent expenditures, but still are intended to affect the electoral process. In particular, Mr. Fazio offered an amendment to compel disclosure of election-related expenditures by corporations, labor organizations, and nonprofits. This amendment would not have limited speech in any way; however, it would have provided the American people with the full range of information necessary to evaluate the advertisements that they view, including the source of the funds used to pay for the advertisements. Disclosure would not affect legitimate issue advocacy from identifiable sponsors. However, it

would have discouraged the anonymous negative advertising campaigns that have proliferated lately. Nonetheless, the amendment was defeated on a party-line vote.

The Republican rejection of the amendment is ironic because the Republicans drafted the provision, and included it in their campaign finance proposal during the 103rd Congress. There are two possible explanations for their change of heart: (1) the Republicans were not serious about the proposal during the 103rd Congress and included it in their bill for some other reason; or (2) the Republicans no longer want to stem negative advertising now that they are in the majority. In either event, the lines are clearly drawn. The Democrats want to reduce unregulated negative political advertising and the Republicans do not.

### *C. Conclusion*

In light of the foregoing, it is clear that the Democrats and the Republicans take fundamentally different approaches to campaign finance reform. The Democrats believe that there is too much money in politics and that wealthy special interests have too much influence. The Republicans believe that there is not enough money in politics and that wealthy special interests should have greater influence.

We urge rejection of the Republican "more money" bill (H.R. 3760) and the passage of the Democratic substitute (H.R. 3505).

VIC FAZIO.  
STENY HOYER.  
ED PASTOR.  
SAM GEJDENSON.  
WM. J. JEFFERSON.

