

103D CONGRESS  
1ST SESSION

# H. R. 3470

To amend the Federal Election Campaign Act of 1971 to ban activities of political action committees in Federal elections, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 1993

Mr. MICHEL (for himself, Mr. GINGRICH, Mr. THOMAS of California, Mr. LIVINGSTON, Mr. BAKER of California, Mr. BALLENGER, Mr. BARRETT of Nebraska, Mr. BEREUTER, Mr. BLUTE, Mr. CALVERT, Mr. CASTLE, Mr. COLLINS of Georgia, Mr. COX, Mr. DICKEY, Mr. DOOLITTLE, Mr. EWING, Mr. FRANKS of New Jersey, Mr. GALLEGLY, Mr. GEKAS, Mr. GOODLING, Mr. GOSS, Mr. GREENWOOD, Mr. HASTERT, Mr. HOKE, Mr. HORN, Mr. HOUGHTON, Mr. HUTCHINSON, Mr. INGLIS of South Carolina, Mr. KOLBE, Mr. MCCRERY, Mr. MCKEON, Mr. MILLER of Florida, Mr. MOORHEAD, Mr. OXLEY, Mr. PACKARD, Mr. PORTMAN, Mr. QUINN, Mr. RAMSTAD, Mr. ROTH, Mr. SAXTON, Mr. SCHIFF, Mr. SHAYS, Mr. SMITH of Texas, Mr. SMITH of Michigan, Mr. UPTON, and Mr. WALSH) introduced the following bill; which was referred to the Committee on House Administration

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## A BILL

To amend the Federal Election Campaign Act of 1971 to ban activities of political action committees in Federal elections, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. BAN ON ACTIVITIES OF POLITICAL ACTION**  
2 **COMMITTEES IN FEDERAL ELECTIONS.**

3 (a) IN GENERAL.—Title III of the Federal Election  
4 Campaign Act of 1971 (2 U.S.C. 301 et seq.) is amended  
5 by adding at the end the following new section:

6 “BAN ON FEDERAL ELECTION ACTIVITIES BY POLITICAL  
7 ACTION COMMITTEES

8 “SEC. 323. Notwithstanding any other provision of  
9 this Act, no person other than an individual or a political  
10 committee may make contributions, solicit or receive con-  
11 tributions, or make expenditures for the purpose of influ-  
12 encing an election for Federal office.”.

13 (b) DEFINITION OF POLITICAL COMMITTEE.—(1)  
14 Section 301(4) of the Federal Election Campaign Act of  
15 1971 (2 U.S.C. 431(4)) is amended to read as follows:

16 “(4) The term ‘political committee’ means—

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

19 “(B) any national, State, or district committee  
20 of a political party, including any subordinate com-  
21 mittee thereof; and

22 “(C) any local committee of a political party  
23 which—

24 “(i) receives contributions aggregating in  
25 excess of \$5,000 during a calendar year;

1           “(ii) makes payments exempted from the  
2           definition of contribution or expenditure under  
3           paragraph (8) or (9) aggregating in excess of  
4           \$5,000 during a calendar year; or

5           “(iii) makes contributions or expenditures  
6           aggregating in excess of \$1,000 during a cal-  
7           endar year.”.

8           (2) Section 316(b)(2) of the Federal Election Cam-  
9           paign Act of 1971 (2 U.S.C. 441b(b)(2)) is amended by  
10          striking out subparagraph (C).

11          (c) CANDIDATE’S COMMITTEES.—(1) Section 315(a)  
12          of the Federal Election Campaign Act of 1971 (2 U.S.C.  
13          441a(a)) is amended by adding at the end the following  
14          new paragraph:

15          “(9) For the purposes of the limitations provided by  
16          paragraphs (1) and (2), any political committee which is  
17          established or financed or maintained or controlled by any  
18          candidate or Federal officeholder shall be deemed to be  
19          an authorized committee of such candidate or office-  
20          holder.”.

21          (2) Section 302(e)(3) of the Federal Election Cam-  
22          paign Act of 1971 (2 U.S.C. 432(e)(3)) is amended to  
23          read as follows:

24          “(3) No political committee that supports or has sup-  
25          ported more than one candidate may be designated as an

1 authorized committee, except that a candidate for the of-  
2 fice of President nominated by a political party may des-  
3 ignate the national committee of such political party as  
4 the candidate's principal campaign committee, but only if  
5 that national committee maintains separate books of ac-  
6 count with respect to its functions as a principal campaign  
7 committee.”.

8 (d) RULES APPLICABLE WHEN BAN NOT IN EF-  
9 FECT.—For purposes of the Federal Election Campaign  
10 Act of 1971, during any period in which the limitation  
11 under section 324 of that Act (as added by subsection (a))  
12 is not in effect—

13 (1) the amendments made by subsections (a)  
14 and (b) shall not be in effect; and

15 (2) it shall be unlawful—

16 (A) for any person that is treated as a po-  
17 litical committee by reason of paragraph (1)  
18 and is directly or indirectly established, admin-  
19 istered, or supported by a connected organiza-  
20 tion which is a corporation, labor organization,  
21 or trade association to make contributions to  
22 any candidate or the candidate's authorized  
23 committee; and

24 (B) for any person that is treated as a po-  
25 litical committee by reason of paragraph (1)

1 and is not directly or indirectly established, ad-  
2 ministered, or supported by a connected organi-  
3 zation which is a corporation, labor organiza-  
4 tion, or trade association to make contributions  
5 to any candidate or the candidate's authorized  
6 committee for any election aggregating in ex-  
7 cess of \$1,000.

8 **SEC. 2. HOUSE OF REPRESENTATIVES ELECTION LIMITA-**  
9 **TION ON CONTRIBUTIONS FROM PERSONS**  
10 **OTHER THAN LOCAL INDIVIDUAL RESIDENTS.**

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

14 “(i)(1) A candidate for the office of Representative  
15 in, or Delegate or Resident Commissioner to, the Congress  
16 may not, with respect to a reporting period for an election,  
17 accept contributions from persons other than local individ-  
18 ual residents totaling in excess of the total of contributions  
19 accepted from local individual residents.

20 “(2) As used in this subsection, the term ‘local indi-  
21 vidual resident’ means an individual who resides in the  
22 congressional district involved.

23 “(3)(A) Any candidate who accepts contributions that  
24 exceed the limitation under this subsection with respect  
25 to the pre-election report period or the post-election report

1 period shall pay to the Commission, for deposit in the  
2 Treasury, an amount equal to 5 times the amount of the  
3 excess contributions plus a civil penalty in an amount de-  
4 termined by the Commission.

5 “(B) Any candidate who accepts contributions that  
6 exceed the limitation under this subsection with respect  
7 to a period other than a period referred to in subpara-  
8 graph (A) shall pay to the Commission, for deposit in the  
9 Treasury, an amount equal to 3 times the amount of the  
10 excess contributions.

11 “(C) Each report under section 304(a)(6) shall in-  
12 clude a certification by the treasurer of the committee that  
13 the contributions reported do not exceed the limitation  
14 under this subsection.”.

15 **SEC. 3. BAN ON SOFT MONEY.**

16 (a) IN GENERAL.—Title III of the Federal Election  
17 Campaign Act of 1971 (2 U.S.C. 431 et seq.), as amended  
18 by section 1, is further amended by adding at the end the  
19 following new section:

20 “LIMITATIONS AND REPORTING REQUIREMENTS FOR  
21 AMOUNTS PAID FOR MIXED POLITICAL ACTIVITIES

22 “SEC. 324. (a) Any payment by the national commit-  
23 tee of a political party or a State committee of a political  
24 party for a mixed political activity—

1           “(1) shall be subject to limitation and reporting  
2           under this Act as if such payment were an expendi-  
3           ture; and

4           “(2) may be paid only from an account that is  
5           subject to the requirements of this Act.

6           “(b) As used in this section, the term ‘mixed political  
7           activity’ means, with respect to a payment by the national  
8           committee of a political party or a State committee of a  
9           political party, an activity, such as a voter registration  
10          program, a get-out-the-vote drive, or general political ad-  
11          vertising, that is both (1) for the purpose of influencing  
12          an election for Federal office, and (2) for any purpose un-  
13          related to influencing an election for Federal office.”.

14          (b) REPEAL OF BUILDING FUND EXCEPTION TO THE  
15          DEFINITION OF THE TERM “CONTRIBUTION”.—Section  
16          301(8)(B) of the Federal Election Campaign Act of 1971  
17          (2 U.S.C. 431(8)(B)) is amended—

18                 (1) by striking out clause (viii); and

19                 (2) by redesignating clauses (ix) through (xiv)  
20                 as clauses (viii) through (xiii), respectively.

1 **SEC. 4. ADDITIONAL POLITICAL PARTY CONTRIBUTIONS TO**  
2 **CHALLENGERS WHOSE INCUMBENT OPPO-**  
3 **NENTS USE FUNDS CARRIED FORWARD FROM**  
4 **EARLIER ELECTIONS.**

5 Section 315 of the Federal Election Campaign Act  
6 of 1971 (2 U.S.C. 441a), as amended by section 2, is fur-  
7 ther amended by adding at the end the following new sub-  
8 section:

9 “(j)(1) Subject to paragraph (2), if, in a general elec-  
10 tion for Federal office, a candidate who is the incumbent  
11 uses campaign funds carried forward from an earlier elec-  
12 tion cycle, any political committee of a political party may  
13 make contributions to a nonincumbent candidate of that  
14 political party to match the funds so carried forward by  
15 the incumbent. For purposes of this paragraph, funds  
16 shall be considered to have been carried forward if the  
17 funds represent cash on hand as of December 31 of the  
18 year of the election, less legitimate outstanding debts re-  
19 lating to the previous election up to the amount of the  
20 December 31 balance, plus any amount expended on or  
21 before that December 31 for a later election.

22 “(2) The political party contributions under para-  
23 graph (1) may be made without regard to any limitation  
24 amount otherwise applicable to such contributions under  
25 this section, but a nonincumbent candidate may not accept

1 such contributions in excess of the total of funds carried  
2 forward by the incumbent candidate.”.

3 **SEC. 5. ELIMINATION OF LIMITATIONS ON CONTRIBUTIONS**  
4 **TO CANDIDATES WHOSE OPPONENTS USE**  
5 **LARGE AMOUNTS OF PERSONAL FUNDS.**

6 (a) IN GENERAL.—Section 315 of the Federal Elec-  
7 tion Campaign Act of 1971 (2 U.S.C. 441a), as amended  
8 by sections 2 and 4, is further amended by adding at the  
9 end the following new subsection:

10 “(k) Each candidate in an election for the office of  
11 Senator or Representative in, or Delegate or Resident  
12 Commissioner to, the Congress may declare, in the first  
13 report that the candidate files with the Commission after  
14 becoming a candidate, that the candidate will not make  
15 expenditures of more than \$250,000 from the personal  
16 funds of the candidate. If a candidate does not so declare  
17 and makes expenditures of more than \$100,000 from per-  
18 sonal funds—

19 “(1) the limitations under subsections (a)(1)(A)  
20 and (i) shall not apply to any opponent of the can-  
21 didate who so uses personal funds; and

22 “(2) the limitations under subsection (a)(2)(A)  
23 (insofar as such subsection applies to political party  
24 multicandidate political committees) shall not apply  
25 to contributions to any opponent of the candidate

1 who so uses personal funds, up to the amount of  
2 personal funds expended by the noncomplying can-  
3 didate.”.

4 (b) NOTIFICATION.—Section 304(a)(6) of the Fed-  
5 eral Election Campaign Act of 1971 (2 U.S.C. 434(a)(6))  
6 is amended by adding at the end the following new para-  
7 graph:

8 “(C) The principal campaign committee of a can-  
9 didate shall notify the Commission in writing by telegram,  
10 facsimile, or other electronic means of any incremental ex-  
11 penditure of personal funds totaling \$50,000 or more.  
12 This notification shall be made not later than 24 hours  
13 after the expenditure.”.

14 **SEC. 6. LIMITATION ON CONTRIBUTIONS AND EXPENDI-**  
15 **TURES BY LABOR ORGANIZATIONS.**

16 (a) CONTRIBUTIONS TO ALL POLITICAL COMMIT-  
17 TEES INCLUDED.—Paragraph (2) of section 316(b) of the  
18 Federal Election Campaign Act of 1971 (2 U.S.C.  
19 441b(b)(2)) is amended by inserting “political commit-  
20 tee,” after “campaign committee,”.

21 (b) APPLICABILITY OF REQUIREMENTS TO LABOR  
22 ORGANIZATIONS.—Section 316(b) of the Federal Election  
23 Campaign Act of 1971 (2 U.S.C. 441b(b)) is amended by  
24 adding at the end the following new paragraph:

1       “(8)(A) Subparagraphs (A), (B), and (C) of para-  
2 graph (2) shall not apply to a labor organization unless  
3 the organization meets the requirements of subparagraphs  
4 (B), (C), and (D).

5       “(B) The requirements of this subparagraph are met  
6 only if the labor organization provides, at least once annu-  
7 ally, to all employees within the labor organization’s bar-  
8 gaining unit or units (and to new employees within 30  
9 days after commencement of their employment) written  
10 notification presented in a manner to inform any such em-  
11 ployee—

12           “(i) that an employee cannot be obligated to  
13 pay, through union dues or any other mandatory  
14 payment to a labor organization, for the political ac-  
15 tivities of the labor organization, including, but not  
16 limited to, the maintenance and operation of, or so-  
17 licitation of contributions to, a political committee,  
18 political communications to members, and voter reg-  
19 istration and get-out-the-vote campaigns;

20           “(ii) that no employee may be required actually  
21 to join any labor organization, but if a collective bar-  
22 gaining agreement covering an employee purports to  
23 require membership or payment of dues or other  
24 fees to a labor organization as a condition of em-

1       employment, the employee may elect instead to pay an  
2       agency fee to the labor organization;

3               “(iii) that the amount of the agency fee shall be  
4       limited to the employee’s pro rata share of the cost  
5       of the labor organization’s exclusive representation  
6       services to the employee’s collective bargaining unit,  
7       including collective bargaining, contract administra-  
8       tion, and grievance adjustment;

9               “(iv) that an employee who elects to be a full  
10       member of the labor organization and pay member-  
11       ship dues is entitled to a reduction of those dues by  
12       the employee’s pro rata share of the total spending  
13       by the labor organization for political activities;

14               “(v) that the cost of the labor organization’s ex-  
15       clusive representation services, and the amount of  
16       spending by such organization for political activities,  
17       shall be computed on the basis of such cost and  
18       spending for the immediately preceding fiscal year of  
19       such organization; and

20               “(vi) of the amount of the labor organization’s  
21       full membership dues, initiation fees, and assess-  
22       ments for the current year; the amount of the re-  
23       duced membership dues, subtracting the employee’s  
24       pro rata share of the organization’s spending for po-

1        litical activities, for the current year; and the  
2        amount of the agency fee for the current year.

3        “(C) The requirements of this subparagraph are met  
4        only if the labor organization provides all represented em-  
5        ployees an annual examination by an independent certified  
6        public accountant of financial statements supplied by such  
7        organization which attests that the expenditures which the  
8        union claimed it made for certain expenses were actually  
9        made for those expenses. Such examination shall be con-  
10       ducted in accordance with generally accepted auditing  
11       standards.

12       “(D) The requirements of this subparagraph are met  
13       only if the labor organization—

14                “(i) maintains procedures to promptly deter-  
15                mine the costs that may properly be charged to  
16                agency fee payors as costs of exclusive representa-  
17                tion, and explains such procedures in the written no-  
18                tification required under subparagraph (B); and

19                “(ii) if any person challenges the costs which  
20                may be properly charged as costs of exclusive rep-  
21                resentation—

22                “(I) provides a mutually selected impartial  
23                decisionmaker to hear and decide such chal-  
24                lenge pursuant to rules of discovery and evi-  
25                dence and subject to de novo review by the Na-

1 tional Labor Relations Board or an applicable  
2 court; and

3 “(II) places in escrow amounts reasonably  
4 in dispute pending the outcome of the chal-  
5 lenge.

6 “(E)(i) A labor organization that does not satisfy the  
7 requirements of subparagraphs (B), (C), and (D) shall fi-  
8 nance any expenditures specified in subparagraphs (A),  
9 (B), or (C) of paragraph (2) only with funds legally col-  
10 lected under this Act for its separate segregated fund.

11 “(ii) For purposes of this paragraph, subparagraph  
12 (A) of paragraph (2) shall apply only with respect to com-  
13 munications expressly advocating the election or defeat of  
14 any clearly identified candidate for elective public office.”.

15 (c) EFFECTIVE DATE.—The amendments made by  
16 subsections (a) and (b) shall apply to contributions and  
17 expenditures made after the date of the enactment of this  
18 Act.

19 **SEC. 7. INCREASED LIMITATION AMOUNT FOR CERTAIN**  
20 **CONTRIBUTIONS TO POLITICAL COMMITTEES**  
21 **OF STATE POLITICAL PARTIES.**

22 Section 315(a)(1)(B) of the Federal Election Cam-  
23 paign Act of 1971 (2 U.S.C. 441a(a)(1)(B)) is amended  
24 by inserting after “national” the following: “or State”.

1 **SEC. 8. TRANSITION RULE RELATING TO EXCESS FUNDS OF**  
2 **CANDIDATES FOR THE HOUSE OF REP-**  
3 **RESENTATIVES.**

4 The limitations under section 315(i) of the Federal  
5 Election Campaign Act of 1971 (as added by section 2)  
6 shall be applied to the funds of a candidate carried over  
7 from previous elections and shall take effect on the day  
8 after the date of the 1994 primary election. A candidate  
9 for the office of Representative in, or Delegate or Resident  
10 Commissioner to, the Congress, who, on the day after the  
11 date of the 1994 primary election, has campaign accounts  
12 containing amounts in excess of the contribution limit  
13 under section 315(i) of the Federal Election Campaign  
14 Act of 1971 shall deposit such excess in a separate ac-  
15 count subject to section 304 of the Federal Election Cam-  
16 paign Act of 1971. The amount so deposited shall be re-  
17 turned to contributors or available for any lawful purpose  
18 other than use, with respect to the individual for an elec-  
19 tion for the office of Representative, in, or Delegate or  
20 Resident Commissioner to, the Congress. For purposes of  
21 this section, excess funds are those funds which exceed  
22 twice the amount of funds raised from local individual  
23 residents after December 31, 1992. From the day after  
24 the date of the 1994 primary election until the date of  
25 the 1994 general election, a candidate may transfer excess  
26 funds from the separate account to the campaign account

1 so long as a majority of the total funds contributed or  
2 transferred to the campaign account were raised from  
3 local individual residents after December 31, 1992. No  
4 funds may be transferred from a separate account of a  
5 candidate to a campaign account of the candidate after  
6 the date of the 1994 general election.

7 **SEC. 9. DISCLOSURE OF ELECTION-RELATED ACTIVITY BY**  
8 **CORPORATIONS, LABOR ORGANIZATIONS**  
9 **AND NONPROFIT ORGANIZATIONS.**

10 Section 304 of the Federal Election Campaign Act  
11 of 1971 (2 U.S.C. 434) is amended by adding at the end  
12 the following new subsection:

13 “(d) Any corporation, labor organization, or non-  
14 profit organization that makes a payment for a commu-  
15 nication or other activity that—

16 “(1) relates to any election for Federal office;  
17 and

18 “(2) in the case of a corporation or labor orga-  
19 nization, by reason of subparagraph (A) or (B) of  
20 paragraph (2) of section 316(b), is not a contribu-  
21 tion or expenditure;

22 shall report such payment to the Commission in the same  
23 manner as a contribution or expenditure, as the case may  
24 be, is reported by a principal campaign committee of a

1 candidate for the House of Representatives or the Senate  
2 under this section.”.

3 **SEC. 10. PROHIBITION OF BUNDLING OF CONTRIBUTIONS**  
4 **TO CANDIDATES BY POLITICAL ACTION COM-**  
5 **MITTEES AND LOBBYISTS.**

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

9 “(c) No nonparty multicandidate political committee  
10 or person required to register under the Federal Regula-  
11 tion of Lobbying Act (2 U.S.C. 261 et seq.) may act as  
12 an intermediary or conduit with respect to a contribution  
13 to a candidate for Federal office.”.

14 **SEC. 11. PROHIBITION OF TRANSFERS AMONG NONCAN-**  
15 **DIDATE, NONPARTY POLITICAL COMMITTEES.**

16 Section 315 of the Federal Election Campaign Act  
17 of 1971 (2 U.S.C. 441a), as amended by sections 2, 4,  
18 and 5, is further amended by adding at the end the follow-  
19 ing new subsection:

20 “(l) A noncandidate, nonparty political committee  
21 may not make contributions, or otherwise transfer funds,  
22 to any other noncandidate, nonparty political committee.  
23 As used in this subsection, the term ‘noncandidate,  
24 nonparty political committee’ means a political committee  
25 that is not an authorized committee of a candidate for

1 Federal office and is not a political committee of a political  
2 party.”.

3 **SEC. 12. PROHIBITION OF LEADERSHIP COMMITTEES; RE-**  
4 **STRICTION ON CONTRIBUTIONS BETWEEN**  
5 **PRINCIPAL CAMPAIGN COMMITTEES.**

6 (a) LEADERSHIP COMMITTEE PROHIBITION.—Sec-  
7 tion 302 of the Federal Election Campaign Act of 1971  
8 (2 U.S.C. 432) is amended by adding at the end the fol-  
9 lowing new subsection:

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

13 (b) PRINCIPAL CAMPAIGN COMMITTEE RESTRIC-  
14 TION.—Section 315 of the Federal Election Campaign Act  
15 of 1971 (2 U.S.C. 441a), as amended by sections 2, 4,  
16 5, and 11, is further amended by adding at the end the  
17 following new subsection:

18 “(m) A principal campaign committee of a candidate  
19 for Federal office may not make any contribution to any  
20 other principal campaign committee (other than the prin-  
21 cipal campaign committee of the same individual as a can-  
22 didate for another Federal office).”.

23 **SEC. 13. EFFECTIVE DATE.**

24 The amendments made by this Act shall take effect  
25 on the date of the enactment of this Act.



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