

104TH CONGRESS  
1ST SESSION

# H. R. 2830

To amend the Federal Election Campaign Act of 1971 to provide for a House of Representatives election limitation on contributions from persons other than in-State individual residents, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 22, 1995

Mr. ENGLISH of Pennsylvania (for himself and Mr. HORN) introduced the following bill; which was referred to the Committee on House Oversight, and in addition to the Committees on Ways and Means, Commerce, and Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Federal Election Campaign Act of 1971 to provide for a House of Representatives election limitation on contributions from persons other than in-State individual residents, 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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Campaign Finance Re-  
5 form, Fairness, and Citizens Involvement Act”.

1 **SEC. 2. HOUSE OF REPRESENTATIVES ELECTION LIMITA-**  
2 **TION ON CONTRIBUTIONS FROM PERSONS**  
3 **OTHER THAN IN-STATE INDIVIDUAL RESI-**  
4 **DENTS.**

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

8 “(i)(1) A candidate for the office of Representative  
9 in, or Delegate or Resident Commissioner to, the Congress  
10 may not, with respect to a reporting period for an election,  
11 accept contributions from persons other than in-State in-  
12 dividual residents in excess of 50 percent of the total of  
13 contributions accepted.

14 “(2) As used in this subsection, the term ‘in-State  
15 individual resident’ means an individual who is a resident  
16 of the State in which the congressional district involved  
17 is located.”.

18 **SEC. 3. ANTI-BUNDLING PROVISION.**

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

23 “(j) No person may act as an intermediary or conduit  
24 for any contribution from another person in the form of  
25 a check or other negotiable instrument that is made pay-

1 able to a candidate for Federal office or a campaign com-  
2 mittee of a candidate for Federal office.”.

3 **SEC. 4. INCOME TAX CREDIT FOR CONTRIBUTIONS TO FED-**  
4 **ERAL CAMPAIGNS.**

5 (a) GENERAL RULE.—Subpart A of part IV of sub-  
6 chapter A of chapter 1 of the Internal Revenue Code of  
7 1986 (relating to nonrefundable personal credits) is  
8 amended by inserting after section 22 the following new  
9 section:

10 **“SEC. 23. CONTRIBUTIONS TO FEDERAL CAMPAIGNS.**

11 “(a) GENERAL RULE.—In the case of an individual,  
12 there shall be allowed as a credit against the tax imposed  
13 by this chapter for the taxable year an amount equal to  
14 all Federal campaign contributions paid or incurred by the  
15 individual during such taxable year.

16 “(b) LIMITATIONS.—

17 “(1) AMOUNT OF CREDIT.—The credit allowed  
18 by subsection (a) for a taxable year shall not exceed  
19 \$100 (\$200 in the case of a joint return).

20 “(2) VERIFICATION.—The credit allowed by  
21 subsection (a) shall be allowed, with respect to any  
22 Federal campaign contribution, only if such con-  
23 tribution is verified in such manner as the Secretary  
24 shall prescribe by regulation.

25 “(c) DEFINITIONS.—For purposes of this section—

1           “(1) CANDIDATE.—The term ‘candidate’ means  
2           an individual who—

3                   “(A) publicly announces before the close of  
4                   the calendar year following the calendar year in  
5                   which the contribution or gift is paid or in-  
6                   curred that he is a candidate for nomination or  
7                   election to any Federal elective public office,  
8                   and

9                   “(B) meets the qualifications prescribed by  
10                  law to hold such office.

11           “(2) FEDERAL CAMPAIGN CONTRIBUTION.—The  
12           term ‘Federal campaign contribution’ means a con-  
13           tribution or gift of money, or the fair market value  
14           of a contribution or gift of property, to—

15                   “(A) an individual who is a candidate for  
16                   nomination or election to any Federal elective  
17                   public office in any primary, general, or special  
18                   election, for use by such individual to further  
19                   the candidacy of the individual for nomination  
20                   or election to such office,

21                   “(B) any committee, association, or organi-  
22                   zation (whether or not incorporated) organized  
23                   and operated exclusively for the purposes of in-  
24                   fluencing, or attempting to influence, the nomi-  
25                   nation or election of one or more individuals

1 who are candidates for nomination or election  
2 to any Federal elective public office, for use by  
3 such committee, association, or organization to  
4 further the candidacy of such individual or indi-  
5 viduals for nomination or election to such office,  
6 or

7 “(C) the national committee of a national  
8 political party, the State committee of a na-  
9 tional political party as designated by the na-  
10 tional committee of such party, or a local com-  
11 mittee of a national political party as des-  
12 ignated by the State committee of such party  
13 designated under this subparagraph, for use by  
14 such committee to further the candidacy of  
15 such individual or individuals for nomination or  
16 election to such office.

17 “(d) CROSS REFERENCES.—

“**For transfer of appreciated property to a politi-  
cal organization, see section 84.**

“**For certain indirect contributions to political  
parties, see section 276.**”

18 (b) CLERICAL AMENDMENT.—The table of sections  
19 for subpart A of part IV of subchapter A of chapter 1  
20 of such Code is amended by inserting after the item relat-  
21 ing to section 22 the following new item:

“Sec. 23. Contributions to Federal campaigns.”

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to contributions paid or incurred  
3 after the date of the enactment of this Act, in taxable  
4 years ending after such date.

5 **SEC. 5. IMPOSITION OF SECTION 501(h) LOBBYING RE-**  
6 **STRICTIONS ON TAX-EXEMPT LABOR, AGRI-**  
7 **CULTURAL, AND HORTICULTURAL ORGANI-**  
8 **ZATIONS.**

9 (a) IN GENERAL.—Paragraph (5) of section 501(c)  
10 of the Internal Revenue Code of 1986 (relating to exemp-  
11 tion from tax on corporations, certain trusts, etc.) is  
12 amended to read as follows:

13 “(5) Labor, agricultural, or horticultural orga-  
14 nizations with respect to which exemption from tax-  
15 ation under subsection (a) is not required to be de-  
16 nied under subsection (h) and which do not partici-  
17 pate in, or intervene in (including the publishing or  
18 distributing of statements), any political campaign  
19 on behalf of (or in opposition to) any candidate for  
20 public office.”

21 (b) CONFORMING AMENDMENTS.—

22 (1) DENIAL OF TAX EXEMPTION BY REASON OF  
23 EXPENDITURES TO INFLUENCE LEGISLATION.—  
24 Paragraph (3) of section 501(h) of such Code is  
25 amended to read as follows:

1           “(3) ORGANIZATIONS TO WHICH THIS SUB-  
2 SECTION APPLIES.—This subsection shall apply to—

3           “(A) any labor, agricultural, or horti-  
4 cultural organization, and

5           “(B) any other organization which has  
6 elected (in such manner and at such time as the  
7 Secretary may prescribe) to have the provisions  
8 of this subsection apply to such organization  
9 and which, for the taxable year which includes  
10 the date the election is made, is described in  
11 subsection (c)(3) and—

12           “(i) is described in paragraph (4), and

13           “(ii) is not a disqualified organization  
14 under paragraph (5).”

15           (2) PROHIBITION ON TREATMENT AS 501(c)(4)  
16 ORGANIZATION AFTER CEASING TO QUALIFY FOR  
17 501(c)(5) EXEMPTION BECAUSE OF SUBSTANTIAL  
18 LOBBYING OR POLITICAL ACTIVITIES.—Subsection  
19 (a) of section 504 of such Code is amended by in-  
20 serting “or section 501(c)(5)” after “section  
21 501(c)(3)” each place it appears.

22           (3) TAX ON EXCESS EXPENDITURES TO INFLU-  
23 ENCE LEGISLATION.—

24           (A) APPLICABILITY TO SECTION 501(c)(5)  
25 ORGANIZATIONS.—Section 4911 of such Code is

1           amended by adding at the end the following  
2           new subsection:

3           “(g) APPLICABILITY TO SECTION 501(c)(5) ORGANI-  
4 ZATIONS.—For purposes of this section—

5           “(1) IN GENERAL.—Any organization which is  
6           a 501(c)(5) organization for a taxable year shall be  
7           treated as if an election under section 501(h) were  
8           in effect for such organization for such taxable year.

9           “(2) SECTION 501(c)(5) ORGANIZATION.—The  
10          term ‘501(c)(5) organization’ has the meaning given  
11          such term by section 4955(f).”

12           (B) EXEMPT PURPOSE EXPENDITURES.—  
13          Subparagraph (A) of section 4911(e)(1) of such  
14          Code is amended by striking the period and in-  
15          serting the following: “and includes, in the case  
16          of a 501(c)(5) organization, purposes described  
17          in section 501(c)(5) with respect to such orga-  
18          nization.”

19           (C) AFFILIATED ORGANIZATIONS.—Para-  
20          graph (1) of section 4911(f) of such Code is  
21          amended by inserting “or section 501(c)(5)”  
22          after “section 501(c)(3)” each place it appears.

23           (4) TAX ON POLITICAL EXPENDITURES.—

24           (A) IN GENERAL.—

1 (i) INITIAL TAXES.—Paragraph (1) of  
2 section 4955(a) of such Code is amended  
3 by inserting “or section 501(c)(5) organi-  
4 zation” after “section 501(c)(3) organiza-  
5 tion”.

6 (ii) POLITICAL EXPENDITURE.—Para-  
7 graph (1) of section 4955(d) of such Code  
8 is amended by inserting “or section  
9 501(c)(5) organization” after “section  
10 501(c)(3) organization”.

11 (B) DEFINITION.—Subsection (f) of sec-  
12 tion 4955 of such Code is amended by adding  
13 at the end the following new paragraph:

14 “(5) SECTION 501(c)(5) ORGANIZATION.—The  
15 term ‘section 501(c)(5) organization’ means any or-  
16 ganization which (without regard to any political ex-  
17 penditure) would be described in section 501(c)(5)  
18 and exempt from taxation under section 501(a).”

19 (5) TERMINATION ASSESSMENTS IN CASE OF  
20 FLAGRANT POLITICAL EXPENDITURES.—

21 (A) IN GENERAL.—Subparagraph (A) of  
22 section 6852(a)(1) of such Code is amended by  
23 inserting “or section 501(c)(5) organization”  
24 after “section 501(c)(3) organization”.

1 (B) DEFINITION.—Paragraph (1) of sec-  
2 tion 6852(b) of such Code is amended by in-  
3 serting “‘section 501(c)(5) organization’,” after  
4 “‘section 501(c)(3) organization’,”.

5 (6) ACTION TO ENJOIN FLAGRANT POLITICAL  
6 EXPENDITURES.—

7 (A) IN GENERAL.—Paragraph (1) of sec-  
8 tion 7409(a) of such Code is amended in the  
9 first sentence—

10 (i) by inserting “or section 501(c)(5)  
11 organization” after “section 501(c)(3) or-  
12 ganization”, and

13 (ii) by inserting “or section 501(c)(5),  
14 respectively” after “specified in section  
15 501(c)(3)”.

16 (B) INJUNCTIVE RELIEF.—Paragraph (2)  
17 of section 7409(b) of such Code is amended by  
18 inserting “or section 501(c)(5) (as the case may  
19 be)” after “section 501(c)(3)”.

20 (C) DEFINITION.—Subsection (c) of sec-  
21 tion 7409 of such Code is amended by inserting  
22 “, ‘section 501(c)(5) organization’,” after “‘sec-  
23 tion 501(c)(3) organization’”.

24 (7) DECLARATORY JUDGMENTS RELATING TO  
25 501(c)(5) STATUS.—Subparagraph (A) of section

1 7428(a)(1) of such Code is amended by inserting  
2 “or section 501(c)(5)” after “section 501(c)(3)”.

3 (c) CLERICAL AMENDMENTS.—

4 (1) The heading of subsection (h) of section  
5 501 of such Code is amended to read as follows:

6 “(h) EXPENDITURES BY PUBLIC CHARITIES AND  
7 LABOR, AGRICULTURAL, OR HORTICULTURAL ORGANIZA-  
8 TIONS TO INFLUENCE LEGISLATION.—”

9 (2) The heading of section 504 of such Code is  
10 amended to read as follows:

11 **“SEC. 504. STATUS AFTER ORGANIZATION CEASES TO**  
12 **QUALIFY FOR EXEMPTION UNDER SECTION**  
13 **501(c)(3) or 501(c)(5) BECAUSE OF SUBSTAN-**  
14 **TIAL LOBBYING OR BECAUSE OF POLITICAL**  
15 **ACTIVITIES.”**

16 (3) The table of sections for part I of sub-  
17 chapter F of chapter 1 of such Code is amended by  
18 striking the item relating to section 504 and insert-  
19 ing the following new item:

“Sec. 504. Status after organization ceases to qualify for exemp-  
tion under section 501(c)(3) or 501(c)(5) because  
of substantial lobbying or because of political activi-  
ties.”

20 (4) The heading of section 4955 of such Code  
21 is amended to read as follows:

1 **“SEC. 4955. TAXES ON POLITICAL EXPENDITURES OF SEC-**  
2 **TION 501(c)(3) AND 501(c)(5) ORGANIZATIONS.”**

3 (5) The table of sections for subchapter C of  
4 chapter 42 of such Code is amended by striking the  
5 item relating to section 4955 and inserting the fol-  
6 lowing new item:

“Sec. 4955. Taxes on political expenditures of section 501(c)(3)  
and 501(c)(5) organizations.”

7 (6) The heading of subchapter C of chapter 42  
8 of such Code is amended to read as follows:

9 **“Subchapter C—Political Expenditures of**  
10 **Section 501(c)(3) and 501(c)(5) Organiza-**  
11 **tions”.**

12 (7) The table of subchapters for chapter 42 of  
13 such Code is amended by striking the item relating  
14 to subchapter C and inserting the following new  
15 item:

“Subchapter C. Political expenditures of section 501(c)(3) and  
501(c)(5) organizations.”

16 (8) The heading of section 6852 of such Code  
17 is amended to read as follows:

18 **“SEC. 6852. TERMINATION ASSESSMENTS IN CASE OF FLA-**  
19 **GRANT POLITICAL EXPENDITURES OF SEC-**  
20 **TION 501(c)(3) OR 501(c)(5) ORGANIZATIONS.”**

21 (9) The table of sections for part I of sub-  
22 chapter A of chapter 70 of such Code is amended by

1 striking the item relating to section 6852 and insert-  
2 ing the following new item:

“Sec. 6852. Termination assessments in case of flagrant political expenditures of section 501(c)(3) or 501(c)(5) organizations.”

3 (10) The heading of section 7409 of such Code  
4 is amended to read as follows:

5 **“SEC. 7409. ACTION TO ENJOIN FLAGRANT POLITICAL EX-**  
6 **PENDITURES OF SECTION 501(c)(3) OR**  
7 **501(c)(5) ORGANIZATIONS.”**

8 (11) The table of sections for subchapter A of  
9 chapter 76 of such Code is amended by striking the  
10 item relating to section 7409 and inserting the fol-  
11 lowing new item:

“Sec. 7409. Action to enjoin flagrant political expenditures of section 501(c)(3) or 501(c)(5) organizations.”

12 (d) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning in cal-  
14 endar years beginning after the date of the enactment of  
15 this Act.

16 **SEC. 6. VOLUNTARY LIMITATIONS ON EXPENDITURES IN**  
17 **HOUSE OF REPRESENTATIVES ELECTIONS.**

18 The Federal Election Campaign Act of 1971 (2  
19 U.S.C. 431 et seq.) is amended by adding at the end the  
20 following new title:

1 **“TITLE V—VOLUNTARY LIMITA-**  
2 **TIONS ON EXPENDITURES IN**  
3 **HOUSE OF REPRESENTA-**  
4 **TIVES ELECTIONS**

5 **“SEC. 501. LIMITATION ON EXPENDITURES BY ELIGIBLE**  
6 **HOUSE OF REPRESENTATIVES CANDIDATE.**

7 “An eligible House of Representatives candidate may  
8 not, with respect to an election, make expenditures total-  
9 ing more than \$500,000.

10 **“SEC. 502. LIMITATION ON USE OF PERSONAL FUNDS BY**  
11 **ELIGIBLE HOUSE OF REPRESENTATIVES CAN-**  
12 **DIDATE.**

13 “An eligible House of Representatives candidate may  
14 not, with respect to an election, use more than \$25,000  
15 from the personal funds of the candidate.

16 **“SEC. 503. LESSENING OF IMPACT OF USE OF LARGE**  
17 **AMOUNTS OF PERSONAL FUNDS BY OPPO-**  
18 **NENTS OF ELIGIBLE HOUSE OF REPRESENTA-**  
19 **TIVES CANDIDATES.**

20 “If any opponent of an eligible House of Representa-  
21 tives candidate uses more than \$50,000 from the personal  
22 funds of such opponent with respect to an election, the  
23 limitation under section 315(a)(1)(A) shall not apply to  
24 contributions to the eligible House of Representatives can-

1 didate by individuals who are residents of the State in  
2 which the congressional district involved is located.

3 **“SEC. 504. INDEXING.**

4 “The amounts specified in sections 501 and 502 shall  
5 be adjusted in the same manner as provided in section  
6 315(c), except that the base period shall be calendar year  
7 1995.

8 **“SEC. 505. DEFINITIONS.**

9 “As used in this title the term ‘eligible House of Rep-  
10 resentatives candidate’ means a candidate for the office  
11 of Representative in, or Delegate or Resident Commis-  
12 sioner to, the Congress, who, as determined by the Com-  
13 mission, complies with sections 501 and 502.”.

14 **SEC. 7. BAN ON SOFT MONEY.**

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

18 “LIMITATIONS AND REPORTING REQUIREMENTS FOR  
19 AMOUNTS PAID FOR MIXED POLITICAL ACTIVITIES

20 “SEC. 323. (a) Any payment by the national commit-  
21 tee of a political party or a State committee of a political  
22 party, or by a corporation or labor organization, for a  
23 mixed political activity—

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

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

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

11          (b) REPEAL OF BUILDING FUND EXCEPTION TO THE  
12          DEFINITION OF THE TERM “CONTRIBUTION”.—Section  
13          301(8)(B) of the Federal Election Campaign Act of 1971  
14          (2 U.S.C. 431(8)(B)) is amended—

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

16                 (2) by redesignating clauses (ix) through (xiv)  
17                 as clauses (viii) through (xiii), respectively.

18          **SEC. 8. BROADCAST RATES AND PREEMPTION.**

19          (a) BROADCAST RATES.—Section 315(b) of the Com-  
20          munications Act of 1934 (47 U.S.C. 315(b)) is amended—

21                 (1) by striking “(b) The changes” and inserting  
22                 “(b)(1) The changes”;

23                 (2) by redesignating paragraphs (1) and (2) as  
24                 subparagraphs (A) and (B), respectively;

25                 (3) in paragraph (1)(A), as redesignated—

1 (A) by striking “forty-five” and inserting  
2 “30”; and

3 (B) by striking “lowest unit charge of the  
4 station for the same class and amount of time  
5 for the same period” and inserting “lowest  
6 charge of the station for the same amount of  
7 time for the same period on the same date”;  
8 and

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

11 “(2) In the case of an eligible House of Representa-  
12 tives candidate (as defined in section 505 of the Federal  
13 Election Campaign Act of 1971), the charges for the use  
14 of a broadcasting station during the 30-day period and  
15 60-day period referred to in paragraph (1)(A) shall not  
16 exceed 50 percent of the lowest charge described in para-  
17 graph (1)(A).”.

18 (b) PREEMPTION; ACCESS.—Section 315 of such Act  
19 (47 U.S.C. 315), as amended by subsection (a) of this sec-  
20 tion, is further amended—

21 (1) by redesignating subsections (d) and (e) as  
22 redesignated, as subsections (e) and (f), respectively;  
23 and

24 (2) by inserting immediately after subsection  
25 (c) the following subsection:

1       “(d)(1) Except as provided in paragraph (2), a li-  
2 censee shall not preempt the use, during any period speci-  
3 fied in subsection (b)(1)(A), of a broadcasting station by  
4 an eligible House of Representatives candidate who has  
5 purchased and paid for such use pursuant to subsection  
6 (b)(2).

7       “(2) If a program to be broadcast by a broadcasting  
8 station is preempted because of circumstances beyond the  
9 control of the broadcasting station, any candidate adver-  
10 tising spot scheduled to be broadcast during that program  
11 may also be preempted.”.

12       (c) REVOCATION OF LICENSE FOR FAILURE TO PER-  
13 MIT ACCESS.—Section 312(a)(7) of the Communications  
14 Act of 1934 (47 U.S.C. 312(a)(7)) is amended—

15             (1) by striking “or repeated”;

16             (2) by inserting “or cable system” after “broad-  
17 casting station”; and

18             (3) by striking “his candidacy” and inserting  
19 “the candidacy of such person, under the same  
20 terms, conditions, and business practices as apply to  
21 its most favored advertiser”.

22       (d) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to the general elections occurring  
24 after December 31, 1995 (and the election cycles relating  
25 thereto).

1 **SEC. 9. REDUCED POSTAGE RATES.**

2 (a) IN GENERAL.—Paragraph (2) of subsection (e)  
3 of section 3626 of title 39, United States Code, is amend-  
4 ed—

5 (1) in subparagraph (A)—

6 (A) by striking “and the National” and in-  
7 serting “the National”; and

8 (B) by inserting before the semicolon the  
9 following: “, and, subject to paragraph (3), the  
10 principal campaign committee of an eligible  
11 House of Representatives candidate;”;

12 (2) in subparagraph (B), by striking “and”  
13 after the semicolon;

14 (3) in subparagraph (C), by striking the period  
15 and inserting a semicolon; and

16 (4) by adding after subparagraph (C) the fol-  
17 lowing new subparagraphs:

18 “(D) the term ‘principal campaign committee’  
19 has the meaning given such term in section 301 of  
20 the Federal Election Campaign Act of 1971; and

21 “(E) the term ‘eligible House of Representa-  
22 tives candidate’ has the meaning given such term in  
23 section 505 of the Federal Election Campaign Act of  
24 1971.”.

25 (b) EFFECTIVE DATE.—The amendments made by  
26 this section shall apply to the general elections occurring

1 after December 31, 1996 (and the election cycles relating  
2 thereto).

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