

105TH CONGRESS
2D SESSION

H. R. 3516

To amend the Federal Election Campaign Act of 1971 to reform the financing of campaigns for election for Federal office, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 1998

Mr. ENGLISH of Pennsylvania 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

A BILL

To amend the Federal Election Campaign Act of 1971 to reform the financing of campaigns for election for Federal office, 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 “Fair and Open Elec-
5 tions Act of 1998”.

6 **SEC. 2. LIMITATIONS ON CONTRIBUTIONS.**

7 (a) REQUIRING MAJORITY OF CANDIDATE FUNDS TO
8 COME FROM INDIVIDUALS RESIDING IN STATE IN-

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

4 “(i) A candidate for the office of Senator or Rep-
5 resentative in, or Delegate or Resident Commissioner to,
6 the Congress may not accept contributions with respect
7 to an election cycle from persons other than individuals
8 who reside in the State involved in excess of the total of
9 contributions accepted from individuals who reside in the
10 State involved (as determined on the basis of the most
11 recent information included in reports pursuant to section
12 304(d)).”.

13 (b) REVISION OF LIMITS ON AMOUNT THAT MAY BE
14 CONTRIBUTED BY INDIVIDUALS.—

15 (1) LIMIT ON CONTRIBUTIONS TO CANDIDATES
16 AND POLITICAL PARTIES.—Section 315(a)(1) of
17 such Act (2 U.S.C. 441a(a)(1)) is amended—

18 (A) in subparagraph (A), by striking
19 “\$1,000” and inserting “\$2,500”; and

20 (B) in subparagraph (B), by striking
21 “\$20,000” and inserting “\$25,000”.

22 (2) ANNUAL AGGREGATE LIMIT.—Section
23 315(a)(3) of such Act (2 U.S.C. 441a(a)(3)) is
24 amended by striking “\$25,000 in any calendar year”
25 and inserting the following: “\$50,000, of which not

1 more than \$25,000 may consist of contributions to
2 political committees of political parties”.

3 (c) INDEXING OF AMOUNTS.—Section 315(c) of such
4 Act (2 U.S.C. 441a(c)) is amended by adding at the end
5 the following new paragraph:

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

8 “(i) For calendar year 1999, each such amount
9 shall be equal to the amount described in such sub-
10 section, increased (in a compounded manner) by the
11 percentage increase in the price index (as defined in
12 paragraph (2)) for 1997 and 1998.

13 “(ii) For calendar year 2001 and each second
14 subsequent year, each such amount shall be equal to
15 the amount for the second previous year (as ad-
16 justed under this subparagraph), increased (in a
17 compounded manner) by the percentage increase in
18 the price index for the previous year and the second
19 previous year.

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

23 (d) PROHIBITING BUNDLING OF CONTRIBUTIONS.—
24 Section 315(a)(8) of such Act (2 U.S.C. 441a(a)(8)) is
25 amended to read as follows:

1 “(8) No person may make a contribution through an
 2 intermediary or conduit, except that a person may facili-
 3 tate a contribution by providing—

4 “(A) advice to another person as to how the
 5 other person may make a contribution; and

6 “(B) addressed mailing material or similar
 7 items to another person for use by the other person
 8 in making a contribution.”.

9 (e) PROHIBITING CONTRIBUTIONS BY INDIVIDUALS
 10 NOT ELIGIBLE TO VOTE IN FEDERAL ELECTIONS.—Title
 11 III of such Act (2 U.S.C. 431 et seq.) is amended by add-
 12 ing at the end the following new section:

13 “PROHIBITING CONTRIBUTIONS BY INDIVIDUALS NOT
 14 ELIGIBLE TO VOTE IN FEDERAL ELECTIONS

15 “SEC. 323. (a) IN GENERAL.—An individual who is
 16 not eligible to vote in any election for Federal office may
 17 not make any contribution to any candidate for election
 18 for Federal office or to any political committee.

19 “(b) TREATMENT OF INDIVIDUALS NOT REGISTERED
 20 TO VOTE.—This section shall not apply with respect to
 21 an individual who would be eligible to vote in an election
 22 for Federal office but for the failure of the individual to
 23 register to vote.”.

24 **SEC. 3. TREATMENT OF FUNDS OF POLITICAL PARTIES.**

25 (a) BAN ON SOFT MONEY OF NATIONAL POLITICAL
 26 PARTIES.—Title III of the Federal Election Campaign Act

1 of 1971 (2 U.S.C. 431 et seq.), as amended by section
2 2(e), is further amended by adding at the end the follow-
3 ing new section:

4 “PROHIBITING USE OF NON-FEDERAL FUNDS BY
5 NATIONAL POLITICAL PARTIES

6 “SEC. 324. Notwithstanding any other provision of
7 this title or any other provision of law, a political commit-
8 tee of a national political party may not solicit, expend,
9 or transfer any funds in support of its activities which are
10 not subject to the limitations, prohibitions, and reporting
11 requirements of this title.”.

12 (b) REPEAL OF LIMITATIONS ON AMOUNT OF CO-
13 ORDINATED EXPENDITURES BY POLITICAL PARTIES.—

14 (1) IN GENERAL.—Section 315(d) of such Act
15 (2 U.S.C. 441a(d)) is amended by striking para-
16 graphs (2) and (3).

17 (2) CONFORMING AMENDMENTS.—Section
18 315(d)(1) of such Act (2 U.S.C. 441a(d)(1)) is
19 amended—

20 (A) by striking “(d)(1)” and inserting
21 “(d)”; and

22 (B) by striking “, subject to the limitations
23 contained in paragraphs (2) and (3) of this sub-
24 section”.

25 (c) REQUIRING DISCLOSURE OF TRANSFERS OF
26 FUNDS FROM NATIONAL PARTY TO STATE AND LOCAL

1 PARTIES.—Section 304 of such Act (2 U.S.C. 434) is
2 amended by adding at the end the following new sub-
3 section:

4 “(d)(1) In addition to any other information required
5 to be reported to the Commission under this Act, each po-
6 litical committee of a national political party shall file a
7 statement with the Commission of any transfer of funds
8 made by the committee to a political committee of a State
9 or local political party.

10 “(2) A statement required under this subsection of
11 a transfer of funds by a political committee shall contain
12 such information, and shall be filed at such time and
13 under such conditions, as would be required if the transfer
14 of funds were otherwise treated as an expenditure made
15 by the committee under this Act.”.

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

18 (a) GENERAL RULE.—Subpart A of part IV of sub-
19 chapter A of chapter 1 of the Internal Revenue Code of
20 1986 (relating to nonrefundable personal credits) is
21 amended by inserting after section 25A the following new
22 section:

23 **“SEC. 25B. CONTRIBUTIONS TO FEDERAL CAMPAIGNS.**

24 “(a) GENERAL RULE.—In the case of an individual,
25 there shall be allowed as a credit against the tax imposed

1 by this chapter for the taxable year an amount equal to
2 all Federal campaign contributions paid or incurred by the
3 individual during such taxable year.

4 “(b) LIMITATIONS.—

5 “(1) AMOUNT OF CREDIT.—The credit allowed
6 by subsection (a) for a taxable year shall not exceed
7 \$100 (\$200 in the case of a joint return).

8 “(2) VERIFICATION.—The credit allowed by
9 subsection (a) shall be allowed, with respect to any
10 Federal campaign contribution, only if such con-
11 tribution is verified in such manner as the Secretary
12 shall prescribe by regulation.

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

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

16 “(A) publicly announces before the close of
17 the calendar year following the calendar year in
18 which the contribution or gift is paid or in-
19 curred that he is a candidate for nomination or
20 election to any Federal elective public office,
21 and

22 “(B) meets the qualifications prescribed by
23 law to hold such office.

24 “(2) FEDERAL CAMPAIGN CONTRIBUTION.—The
25 term ‘Federal campaign contribution’ means a con-

1 tribution or gift of money, or the fair market value
2 of a contribution or gift of property, to—

3 “(A) an individual who is a candidate for
4 nomination or election to any Federal elective
5 public office in any primary, general, or special
6 election, for use by such individual to further
7 the candidacy of the individual for nomination
8 or election to such office,

9 “(B) any committee, association, or organi-
10 zation (whether or not incorporated) organized
11 and operated exclusively for the purposes of in-
12 fluencing, or attempting to influence, the nomi-
13 nation or election of one or more individuals
14 who are candidates for nomination or election
15 to any Federal elective public office, for use by
16 such committee, association, or organization to
17 further the candidacy of such individual or indi-
18 viduals for nomination or election to such office,
19 or

20 “(C) the national committee of a national
21 political party, the State committee of a na-
22 tional political party as designated by the na-
23 tional committee of such party, or a local com-
24 mittee of a national political party as des-
25 ignated by the State committee of such party

1 designated under this subparagraph, for use by
2 such committee to further the candidacy of
3 such individual or individuals for nomination or
4 election to such office.

5 “(d) CROSS REFERENCES.—

“For transfer of appreciated property to a political organization, see section 84.

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

6 (b) CLERICAL AMENDMENT.—The table of sections
7 for subpart A of part IV of subchapter A of chapter 1
8 of such Code is amended by inserting after the item relating to section 25A the following new item:

“Sec. 25B. Contributions to Federal campaigns.”.

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

14 **SEC. 5. REPORTING REQUIREMENTS FOR PERSONS MAK-**
15 **ING CERTAIN PUBLIC COMMUNICATIONS RE-**
16 **GARDING CANDIDATES AND PARTIES.**

17 (a) REPORTS TO FEDERAL ELECTION COMMISSION.—Section 304 of the Federal Election Campaign Act
18 of 1971 (2 U.S.C. 434), as amended by section 3(c), is
19 further amended by adding at the end the following new
20 subsection:
21

1 “(e)(1) In addition to any other information required
2 to be reported under this Act, any person who makes pay-
3 ments described in paragraph (2) during the 60-day pe-
4 riod which ends on the date of a general election for Fed-
5 eral office (not including any days during such period
6 which occur prior to any primary election in which the
7 candidate involved appears on the ballot) shall report such
8 payments and the source of the funds used to make such
9 payments to the Commission in the same manner and
10 under the same terms and conditions as a principal cam-
11 paign committee of a candidate reporting expenditures
12 and contributions to the Commission under this section.

13 “(2) A payment described in this paragraph is a pay-
14 ment for a communication to the general public which
15 mentions a political party or a clearly identified candidate
16 for election for Federal office by name, image, or likeness,
17 other than a payment which would be described in section
18 301(9)(B)(i) if the payment were an expenditure under
19 such section.”.

20 (b) **REQUIRING BROADCASTERS TO MAKE INFORMA-**
21 **TION AVAILABLE TO PUBLIC.**—Section 317 of the Com-
22 munications Act of 1934 (47 U.S.C. 317) is amended—

23 (1) by redesignating subsections (d) and (e) as
24 subsections (e) and (f); and

1 (2) by inserting after subsection (c) the follow-
2 ing new subsection:

3 “(d) Notwithstanding subsection (e), any other provi-
4 sion of this Act, or any rule or order of the Commission,
5 any broadcasting station that broadcasts a communication
6 described in section 304(e)(2) of the Federal Election
7 Campaign Act of 1971 during the 60-day period which
8 ends on the date of a general election for Federal office
9 for which any money, service, or other valuable consider-
10 ation is directly or indirectly paid or promised to, or
11 charged or accepted by such station, shall—

12 “(1) announce, at the time the communication
13 is broadcast—

14 “(A) that the communication is sponsored,
15 paid for, or furnished, either in whole or in
16 part; and

17 “(B) by whom such consideration was sup-
18 plied; and

19 “(2) maintain and make available a record re-
20 garding such broadcast, consideration, and person
21 supplying the consideration in the same manner and
22 to the same extent that the station is required to
23 maintain and make available records regarding paid
24 advertisements for specific political candidates.”.

1 **SEC. 6. BENEFITS FOR CANDIDATES VOLUNTARILY LIMIT-**
2 **ING EXPENDITURES.**

3 (a) REQUIREMENTS FOR ELIGIBLE CANDIDATES.—
4 The Federal Election Campaign Act of 1971 (2 U.S.C.
5 431 et seq.) is amended by adding at the end the following
6 new title:

7 **“TITLE V—VOLUNTARY LIMITA-**
8 **TIONS ON EXPENDITURES IN**
9 **HOUSE OF REPRESENTA-**
10 **TIVES ELECTIONS**

11 **“SEC. 501. AVAILABILITY OF REDUCED POSTAGE RATES**
12 **FOR ELIGIBLE HOUSE OF REPRESENTATIVES**
13 **CANDIDATE.**

14 “An eligible House of Representatives candidate shall
15 be entitled to reduced postage rates in accordance with
16 section 3626(e)(2) of title 39, United States Code.

17 **“SEC. 502. LIMITATION ON EXPENDITURES BY ELIGIBLE**
18 **HOUSE OF REPRESENTATIVES CANDIDATE.**

19 “(a) IN GENERAL.—An eligible House of Representa-
20 tives candidate may not, with respect to an election, make
21 expenditures totaling more than \$700,000.

22 “(b) INCREASE IN LIMIT FOR CANDIDATES AGAINST
23 WHOM INDEPENDENT EXPENDITURES ARE MADE.—In
24 the case of an eligible House of Representatives candidate
25 against whom independent expenditures are made in an

1 election, the reference in subsection (a) to ‘\$700,000’ shall
2 be deemed to be a reference to ‘\$1,400,000’.

3 “(c) INDEXING.—Each of the amounts specified in
4 subsections (a) and (b) shall be adjusted in the same man-
5 ner as provided in section 315(c), except that the base pe-
6 riod shall be calendar year 1998.

7 **“SEC. 503. DEFINITIONS.**

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

13 (b) REDUCED POSTAGE RATES FOR ELIGIBLE CAN-
14 DIDATES.—Section 3626(e)(2) of title 39, United States
15 Code, is amended—

16 (1) in subparagraph (A), by striking “and the
17 National Republican Congressional Committee” and
18 inserting “the National Republican Congressional
19 Committee, and the principal campaign committee of
20 an eligible House of Representatives candidate”;

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

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

1 (4) by adding after subparagraph (C) the fol-
2 lowing new subparagraphs:

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

6 “(E) the term ‘eligible House of Representa-
7 tives candidate’ has the meaning given such term in
8 section 503 of the Federal Election Campaign Act of
9 1971.”.

10 **SEC. 7. PROMOTING EFFICIENCY IN FEC ENFORCEMENT.**

11 (a) **REQUIRING ELECTRONIC FILING.**—Section
12 304(a)(11)(A) of the Federal Election Campaign Act of
13 1971 (2 U.S.C. 434(a)(11)(A)) is amended by striking
14 “The Commission shall permit reports required by this
15 Act to be filed” and inserting “Reports required by this
16 Act shall be filed”.

17 (b) **PROHIBITING REDUCTIONS IN ANNUAL APPRO-**
18 **PRIATION FOR COMMISSION.**—Section 314 of such Act (2
19 U.S.C. 439c) is amended—

20 (1) by striking “There are authorized” and in-
21 serting “(a) **IN GENERAL.**—There are authorized”;
22 and

23 (2) by adding at the end the following new sub-
24 section:

1 “(b) PROHIBITING REDUCTION IN ANNUAL APPRO-
2 PRIATION.—Notwithstanding any other provision of law,
3 the amount appropriated to the Commission under sub-
4 section (a) with respect to any fiscal year (beginning with
5 fiscal year 1999) may not be less than the amount appro-
6 priated to the Commission under such subsection with re-
7 spect to the previous fiscal year.”.

8 (c) SHORTENING DEADLINE FOR RIGHT TO BRING
9 PRIVATE ACTION.—Section 309(a)(8)(A) of such Act (2
10 U.S.C. 437g(a)(8)(A)) is amended by striking “120-day”
11 and inserting “90-day”.

12 (d) REQUIRING CONTRIBUTIONS TO BE HELD IN ES-
13 CROW PENDING PROVISION OF REQUIRED INFORMATION
14 TO COMMISSION.—Section 302 of such Act (2 U.S.C. 432)
15 is amended by adding at the end the following new sub-
16 section:

17 “(j) Notwithstanding any other provision of this title,
18 upon receipt of a contribution an authorized committee of
19 a candidate shall hold the contribution in an escrow ac-
20 count until the committee submits to the Commission all
21 information required to be reported to the Commission
22 with respect to the contribution under this Act.

23 (e) ESTABLISHMENT OF 10-YEAR TERM FOR COM-
24 MISSIONERS.—

1 individuals on opinions relating to any election for Federal
2 office (other than an election for President or Vice Presi-
3 dent) in which the number of households surveyed is equal
4 to or greater than the applicable threshold described in
5 subsection (b) shall disclose to each respondent to the poll
6 the identity of the person sponsoring the poll or paying
7 the expenses associated with the poll.

8 “(b) APPLICABLE THRESHOLD OF HOUSEHOLDS
9 SURVEYED.—For purposes of subsection (a), the ‘applica-
10 ble threshold’ with respect to a poll is—

11 “(1) 2,500 households, in the case of a poll re-
12 lating to an election for the office of Senator or of
13 Representative from a State which is entitled to only
14 one Representative; or

15 “(2) 1,000 households, in the case of a poll re-
16 lating to an election for the office of Representative
17 in, or Delegate or Resident Commissioner to, the
18 Congress from any other State.”.

19 **SEC. 10. EFFECTIVE DATE.**

20 Except as otherwise provided, the amendments made
21 by this Act shall apply with respect to elections occurring
22 after January 1999.

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