

105TH CONGRESS  
2D SESSION

# S. 1666

To amend Federal election laws to better define the requirements for Presidential candidates and political parties that accept public funding, to better define the limits on the election-related activities of tax exempt organizations, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 23, 1998

Mr. LIEBERMAN introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend Federal election laws to better define the requirements for Presidential candidates and political parties that accept public funding, to better define the limits on the election-related activities of tax exempt organizations, 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. REQUIREMENTS FOR PRESIDENTIAL CAN-**  
4 **DIDATES ACCEPTING PUBLIC FUNDING.**

5 (a) RESTRICTIONS ON FUNDRAISING BY CAN-  
6 DIDATES.—

1           (1) DEFINITION OF FUNDRAISING.—Section  
2           9002 of the Internal Revenue Code of 1986 (relating  
3           to definitions in the Presidential Election Campaign  
4           Fund Act) is amended by adding at the end the fol-  
5           lowing:

6           “(13) FUNDRAISING ACTIVITY.—

7           “(A) IN GENERAL.—The term ‘fundraising ac-  
8           tivity’ means—

9                   “(i) an activity or event the purpose or ef-  
10                  fect of which is the direct or indirect sollicita-  
11                  tion, acceptance, or direction of a contribution  
12                  (as defined in section 271(b)(2)) for—

13                           “(I) any candidate for public office,

14                           “(II) a political committee (including  
15                           a national, State, or local committee of a  
16                           political party),

17                           “(III) an organization that—

18                                   “(aa) is described in section  
19                                   501(c) and exempt from taxation  
20                                   under section 501(a) (or has submit-  
21                                   ted an application to the Secretary of  
22                                   the Treasury for determination of tax-  
23                                   exemption under such section), and

24                                   “(bb) engages in any election-re-  
25                                   lated activity, including, but not lim-

1           ited to, voter registration, get-out-the-  
2           vote activity, publication or distribu-  
3           tion of a voter guide, or making com-  
4           munications that are widely dissemi-  
5           nated through a broadcasting station,  
6           newspaper, magazine, outdoor adver-  
7           tising facility, direct mailing, or any  
8           other type of general public political  
9           advertising and that clearly identify a  
10          candidate (as defined in section 301  
11          of the Federal Election Campaign Act  
12          of 1971 (2 U.S.C. 431)) or a political  
13          party,

14               “(IV) a political organization (as de-  
15               fined in section 527), or

16               “(V) an organization that engages in  
17               any electioneering advertising (as defined  
18               in section 324 of the Federal Election  
19               Campaign Act of 1971), or

20               “(ii) the authorization of use of a can-  
21               didate’s name in connection with an activity or  
22               event described in clause (i).

23               “(B) EXCEPTION.—The term ‘fundraising ac-  
24               tivity’ does not include an activity or event the sole  
25               purpose or effect of which is to solicit or accept a

1 contribution (as defined in section 301(8) of the  
2 Federal Election Campaign Act of 1971 (2 U.S.C.  
3 431(8)) for the candidate participating in the activ-  
4 ity or event that is specifically solicited for, and de-  
5 posited in, the candidate’s legal and accounting com-  
6 pliance fund or that is necessary to cover any defi-  
7 ciency in payments received from the Presidential  
8 Election Campaign Fund, to the extent otherwise  
9 permissible by law.”.

10 (2) GENERAL ELECTION.—Section 9003 of the  
11 Internal Revenue Code of 1986 (relating to condi-  
12 tion for eligibility for payments) is amended—

13 (A) in subsection (b)—

14 (i) in paragraph (1), by striking  
15 “and” at the end;

16 (ii) in paragraph (2), by striking the  
17 period at the end and inserting “, and”;  
18 and

19 (iii) by inserting after paragraph (2)  
20 the following:

21 “(3) such candidate, a member of the can-  
22 didate’s immediate family (as defined in section  
23 9004(e)), and the candidate’s authorized committee  
24 or agents or officials of the committee shall not par-

1        participate in any fundraising activity during the ex-  
2        penditure report period.”; and

3                (B) in subsection (c)—

4                    (i) in paragraph (1), by striking  
5                    “and” at the end;

6                    (ii) in paragraph (2), by striking the  
7                    period at the end and inserting “, and”;  
8                    and

9                    (iii) by inserting after paragraph (2)  
10                    the following:

11                    “(3) subject to paragraph (2), such candidate,  
12                    a member of the candidate’s immediate family (as  
13                    defined in section 9004(e)), and the candidate’s au-  
14                    thorized committee or agents or officials of such  
15                    committee shall not participate in a fundraising ac-  
16                    tivity during the expenditure report period.”.

17                    (3) PRIMARY ELECTION.—Subsection (b) of sec-  
18                    tion 9033 of the Internal Revenue Code of 1986 (re-  
19                    lating to eligibility for payments) is amended—

20                    (A) in paragraph (3), by striking “and” at  
21                    the end;

22                    (B) in paragraph (4), by striking the pe-  
23                    riod at the end and inserting “, and”; and

24                    (C) by adding at the end the following:

1           “(5) the candidate, a member of the candidate’s  
 2 immediate family (as defined in section 9004(e)),  
 3 and the candidate’s authorized committee or agents  
 4 or officials of such committee shall not participate in  
 5 a fundraising activity during the matching payment  
 6 period unless such activity has as its sole purpose  
 7 and effect the solicitation or acceptance of contribu-  
 8 tions (as defined in section 301(8) of the Federal  
 9 Election Campaign Act of 1971 (2 U.S.C.  
 10 431(8))).”.

11           (b) RESTRICTION ON COORDINATED DISBURSE-  
 12 MENT.—

13           (1) DEFINITION OF COORDINATED DISBURSE-  
 14 MENT.—Section 9002 of the Internal Revenue Code  
 15 of 1986 (as amended by subsection (a)) is amended  
 16 by adding at the end the following:

17           “(14) COORDINATED DISBURSEMENT.—

18           “(A) IN GENERAL.—The term ‘coordinated  
 19 disbursement’ means a purchase, payment, dis-  
 20 tribution, loan, advance, deposit, or gift of  
 21 money or anything of value, made in connection  
 22 with any broadcasting, newspaper, magazine,  
 23 billboard, direct mail, phone bank, widely dis-  
 24 tributed electronic mail, or similar type of gen-  
 25 eral public communication or advertising by a

1 person (who is not a candidate or a candidate's  
2 authorized committee) in cooperation, consulta-  
3 tion, or concert with, or at the request or sug-  
4 gession of, a candidate, a member of the can-  
5 didate's immediate family (as defined in section  
6 9004(e)), the candidate's authorized commit-  
7 tees, or a committee of a political party.

8 “(B) SPECIAL RULE.—In the case of a  
9 candidate who designates a committee of a po-  
10 litical party as the candidate's authorized com-  
11 mittee, the term ‘coordinated disbursement’  
12 shall include disbursements made by the com-  
13 mittee in cooperation, consultation, or concert  
14 with, or at the request or suggestion of, a can-  
15 didate or a member of the candidate's imme-  
16 diate family (as defined in section 9004(e)) in  
17 excess of an amount equal to the aggregate of  
18 the limit under section 315(d) of the Federal  
19 Election Campaign Act of 1971 (2 U.S.C.  
20 441a(d)) and the appropriate limit under sec-  
21 tion 315(b)(1) of such Act (2 U.S.C.  
22 441a(b)(1)).

23 “(C) EXCEPTIONS.—The term ‘coordinated  
24 disbursement’ does not include—

1           “(i) a disbursement that is an expend-  
2           iture subject to the limits under section  
3           315(d) of the Federal Election Campaign  
4           Act of 1971 (2 U.S.C. 441a(d)); or

5           “(ii) a disbursement for a bona fide  
6           newscast, news interview, news documen-  
7           tary (if the appearance of the candidate is  
8           incidental to the presentation of the sub-  
9           ject or subjects covered by the news docu-  
10          mentary), editorial, or on-the-spot coverage  
11          of bona fide news events.”.

12           (2) GENERAL ELECTION.—Subsection (a) of  
13          section 9003 of the Internal Revenue Code of 1986  
14          (relating to condition for eligibility for payments) is  
15          amended—

16           (A) in paragraph (2), by striking “and” at  
17          the end;

18           (B) in paragraph (3), by striking the pe-  
19          riod at the end and inserting “, and”; and

20           (C) by adding at the end the following:

21           “(4) agree not to participate in a coordinated  
22          disbursement during the election report period.”.

23           (3) PRIMARY ELECTION.—Section 9033(b) (as  
24          amended by subsection (a)(3)) is amended—

1 (A) in paragraph (4), by striking “and” at  
2 the end;

3 (B) in paragraph (5), by striking the pe-  
4 riod at the end and inserting “, and”; and

5 (C) by adding at the end the following:

6 “(6) the candidate and the candidate’s author-  
7 ized committees shall not participate in a coordi-  
8 nated disbursement (as defined in section 9002(14))  
9 during the matching payment period except to the  
10 extent that the disbursement is a contribution sub-  
11 ject to the contribution limits of section 315 of the  
12 Federal Election Campaign Act of 1971 (2 U.S.C.  
13 441a).”.

14 **SEC. 2. REQUIREMENTS FOR POLITICAL PARTIES ACCEPT-**  
15 **ING PUBLIC FINANCING FOR PRESIDENTIAL**  
16 **NOMINATING CONVENTIONS.**

17 (a) REQUIREMENTS.—Title III of the Federal Elec-  
18 tion Campaign Act of 1971 (2 U.S.C. 431 et seq.) is  
19 amended by adding at the end the following:

20 **“SEC. 324. REQUIREMENTS FOR POLITICAL PARTIES AC-**  
21 **CEPTING PUBLIC FINANCING FOR PRESI-**  
22 **DENTIAL NOMINATING CONVENTIONS.**

23 “(a) DEFINITIONS.—In this section—

24 “(1) COMMITTEE.—The term ‘committee’ shall  
25 include a national, State, district, or local committee

1 of a political party, an entity that is directly or indi-  
2 rectly established, financed, maintained, or con-  
3 trolled by any such party committee or its agent, an  
4 agent acting on behalf of any such party committee,  
5 and an officer or agent acting on behalf of any such  
6 party committee or entity.

7 “(2) ELECTIONEERING ADVERTISING.—

8 “(A) IN GENERAL.—The term ‘electioneer-  
9 ing advertising’ means a communication—

10 “(i) containing a phrase such as ‘vote  
11 for’, ‘re-elect’, ‘support’, ‘cast your ballot  
12 for’, ‘(name of individual) for President’,  
13 ‘(name of individual) in (calendar year)’,  
14 ‘vote against’, ‘defeat’, ‘reject’, or a cam-  
15 paign slogan or words that in context can  
16 have no reasonable meaning other than to  
17 recommend the election or defeat of 1 or  
18 more clearly identified candidates such as  
19 ‘(name of candidate)’s the One’ or ‘(name  
20 of candidate)’; or

21 “(ii) referring to 1 or more clearly  
22 identified candidates in a communication  
23 that is widely disseminated to the elector-  
24 ate for the election in which the identified  
25 candidates are seeking office through a

1 broadcasting station, newspaper, magazine,  
2 outdoor advertising facility, direct mailing,  
3 or any other type of general public commu-  
4 nication.

5 “(B) VOTING RECORD AND VOTING GUIDE  
6 EXCEPTION.—The term ‘electioneering advertis-  
7 ing’ does not include a printed communication  
8 that—

9 “(i) presents information in an edu-  
10 cational manner solely about the voting  
11 record or position on a campaign issue of  
12 2 or more individuals;

13 “(ii) is not made in coordination with  
14 an individual, political party, or agent of  
15 the individual or party;

16 “(iii) in the case of a voter guide  
17 based on a questionnaire, provides each in-  
18 dividual seeking a particular seat or office  
19 an equal opportunity to respond to the  
20 questionnaire and have the individual’s re-  
21 sponses incorporated into the voter guide;

22 “(iv) does not present an individual  
23 with greater prominence than any other in-  
24 dividual; and

1                   “(v) does not contain a phrase such as  
2                   ‘vote for’, ‘re-elect’, ‘support’, ‘cast your  
3                   ballot for’, ‘(name of individual) for Presi-  
4                   dent’, ‘(name of individual) in 1997’, ‘vote  
5                   against’, ‘defeat’, or ‘reject’, or a campaign  
6                   slogan or words that in context can have  
7                   no reasonable meaning other than to urge  
8                   the election or defeat of 1 or more clearly  
9                   identified individuals.

10                   “(3) ELIGIBLE POLITICAL COMMITTEE.—The  
11                   term ‘eligible political committee’ means a national  
12                   committee of a political party entitled to receive pay-  
13                   ments under section 9008 of the Internal Revenue  
14                   Code of 1986 for a presidential nominating conven-  
15                   tion.”.

16                   “(b) LIMITS ON ELECTIONEERING ADVERTISING.—  
17                   During the matching payment period (as defined in sec-  
18                   tion 9032(6) of the Internal Revenue Code of 1986) and  
19                   the expenditure report period (as defined in section  
20                   9002(12) of such Code), an eligible political committee  
21                   shall not—

22                   “(1) make disbursements for electioneering ad-  
23                   vertising in connection with an individual seeking  
24                   nomination for election, or election, to the office of  
25                   President or Vice President except from funds that

1 are subject to the limitations, prohibitions, and re-  
2 porting requirements of this Act; or

3 “(2) transfer of funds that are not subject to  
4 the limitations, prohibitions, and reporting require-  
5 ments of this Act to a State, district, or local com-  
6 mittee of a political party that will be used to make  
7 disbursements for electioneering advertising in con-  
8 nection with an individual seeking nomination for  
9 election, or election, to the office of President or  
10 Vice President.

11 “(c) LIMITATION OF COORDINATED AND INDEPEND-  
12 ENT EXPENDITURES.—In the case of an eligible political  
13 committee, the limitation under section 315(d)(2) (relat-  
14 ing to coordinated expenditures by committees of a politi-  
15 cal party) shall apply to the aggregate of expenditures,  
16 disbursements for electioneering advertising, and inde-  
17 pendent expenditures made by the national committee in  
18 connection with a candidate for President of the United  
19 States.

20 “(d) PROHIBITION OF COORDINATED DISBURSE-  
21 MENTS.—During the matching payment period (as defined  
22 in section 9032(6) of the Internal Revenue Code of 1986)  
23 and the expenditure report period (as defined in section  
24 9002(12) of such Code), an eligible political committee  
25 shall not participate in a coordinated disbursement (as de-

1 fined in section 9002(14) of the Internal Revenue Code  
2 of 1986) with respect to an individual seeking nomination  
3 for election, or election, to the office of President or Vice  
4 President.

5       “(e) PROHIBITION OF CERTAIN DONATIONS.—An eli-  
6 gible political committee and any officer or agent acting  
7 on behalf of such committee shall not solicit any funds  
8 for, or make or direct any donation to, an organization  
9 that—

10           “(1) is described in section 501(c) and exempt  
11 from taxation under section 501(a) (or has submit-  
12 ted an application to the Secretary of the Treasury  
13 for determination of tax-exemption under such sec-  
14 tion), and

15           “(2) engages in any election-related activity, in-  
16 cluding, but not limited to, voter registration, get-  
17 out-the-vote activity, publication or distribution of a  
18 voter guide, or making communications that are  
19 widely disseminated through a broadcasting station,  
20 newspaper, magazine, outdoor advertising facility,  
21 direct mailing, or any other type of general public  
22 political advertising that clearly identify a candidate  
23 (as defined in section 301 of the Federal Election  
24 Campaign Act of 1971 (2 U.S.C. 431)) or a political  
25 party.

1 “(f) PROHIBITION OF SOFT MONEY.—

2 “(1) NATIONAL COMMITTEES.—

3 “(A) IN GENERAL.—An eligible political  
4 committee (including a national congressional  
5 campaign committee of a political party) and  
6 any officers or agents of such committees, shall  
7 not solicit, receive, or direct to another person  
8 a contribution, donation, or transfer of funds,  
9 or spend any funds, that are not subject to the  
10 limitations, prohibitions, and reporting require-  
11 ments of this Act.

12 “(B) APPLICABILITY.—This subsection  
13 shall apply to an entity that is directly or indi-  
14 rectly established, financed, maintained, or con-  
15 trolled by an eligible committee (including a na-  
16 tional congressional campaign committee of a  
17 political party), or an entity acting on behalf of  
18 a national committee, and an officer or agent  
19 acting on behalf of any such committee or en-  
20 tity.

21 “(2) STATE, DISTRICT, AND LOCAL COMMIT-  
22 TEES.—

23 “(A) IN GENERAL.—An amount that is ex-  
24 pended or disbursed by a State, district, or local  
25 committee of a political party that has an eligi-

1 ble political committee (including an entity that  
2 is directly or indirectly established, financed,  
3 maintained, or controlled by a State, district, or  
4 local committee of a political party and an offi-  
5 cer or agent acting on behalf of such committee  
6 or entity) for Federal election activity shall be  
7 made from funds subject to the limitations, pro-  
8 hibitions, and reporting requirements of this  
9 Act.

10 “(B) FEDERAL ELECTION ACTIVITY.—

11 “(i) IN GENERAL.—The term ‘Federal  
12 election activity’ means—

13 “(I) voter registration activity  
14 during the period that begins on the  
15 date that is 120 days before the date  
16 a regularly scheduled Federal election  
17 is held and ends on the date of the  
18 election;

19 “(II) voter identification, get-out-  
20 the-vote activity, or generic campaign  
21 activity conducted in connection with  
22 an election in which a candidate for  
23 Federal office appears on the ballot  
24 (regardless of whether a candidate for

1 State or local office also appears on  
2 the ballot); and

3 “(III) a communication that re-  
4 fers to a clearly identified candidate  
5 for Federal office (regardless of  
6 whether a candidate for State or local  
7 office is also mentioned or identified)  
8 and is made for the purpose of influ-  
9 encing a Federal election (regardless  
10 of whether the communication is ex-  
11 press advocacy).

12 “(ii) EXCLUDED ACTIVITY.—The term  
13 ‘Federal election activity’ does not include  
14 an amount expended or disbursed by a  
15 State, district, or local committee of a po-  
16 litical party for—

17 “(I) campaign activity conducted  
18 solely on behalf of a clearly identified  
19 candidate for State or local office if  
20 the campaign activity is not a Federal  
21 election activity described in clause  
22 (i);

23 “(II) a contribution to a can-  
24 didate for State or local office if the  
25 contribution is not designated or used

1 to pay for a Federal election activity  
2 described in clause (i);

3 “(III) the costs of a State, dis-  
4 trict, or local political convention;

5 “(IV) the costs of grassroots  
6 campaign materials, including but-  
7 tons, bumper stickers, and yard signs,  
8 that name or depict only a candidate  
9 for State or local office;

10 “(V) the non-Federal share of a  
11 State, district, or local party commit-  
12 tee’s administrative and overhead ex-  
13 penses (but not including the com-  
14 pensation in any month of an individ-  
15 ual who spends more than 20 percent  
16 of the individual’s time on Federal  
17 election activity) as determined by a  
18 regulation promulgated by the Com-  
19 mission to determine the non-Federal  
20 share of a State, district, or local  
21 party committee’s administrative and  
22 overhead expenses; and

23 “(VI) the cost of constructing or  
24 purchasing an office facility or equip-

1                   ment for a State, district, or local  
2                   committee.

3                   “(3) FUNDRAISING COSTS.—An amount  
4                   spent by a national, State, district, or local  
5                   committee of a political party (that has an eligi-  
6                   ble political committee) to raise funds that are  
7                   used, in whole or in part, to pay the costs of  
8                   a Federal election activity shall be made from  
9                   funds subject to the limitations, prohibitions,  
10                  and reporting requirements of this Act.”.

11               (b) INCREASED CONTRIBUTION LIMIT.—Section  
12 315(a)(1) of the Federal Election Campaign Act of 1971  
13 (2 U.S.C. 441a(a)(1)) is amended—

14               (1) in subparagraph (B), by striking “or” at  
15               the end;

16               (2) in subparagraph (C)—

17                   (A) by inserting “(other than a committee  
18                   described in subparagraph (D))” after “com-  
19                   mittee”; and

20                   (B) by striking the period at the end and  
21                   inserting “; or”; and

22               (3) by adding at the end the following:

23                   “(D) to a political committee established and  
24                   maintained by a State committee of a political party  
25                   that is entitled to receive payments under section

1 9008 of the Internal Revenue Code of 1986 for a  
2 Presidential nominating convention in any calendar  
3 year that, in the aggregate, exceed \$10,000.”.

4 (c) CONFORMING AMENDMENTS.—

5 (1) FEDERAL ELECTION CAMPAIGN ACT OF  
6 1971.—Section 315(d)(2) of the Federal Election  
7 Campaign Act of 1971 (2 U.S.C. 441a(d)(2)) is  
8 amended by striking “The national committee” and  
9 inserting “Subject to section 324(b), the national  
10 committee”.

11 (2) INTERNAL REVENUE CODE OF 1986.—Sub-  
12 section (b) of section 9008 of the Internal Revenue  
13 Code of 1986 (relating to payments for presidential  
14 nominating conventions) is amended—

15 (A) in paragraph (1), by inserting “and  
16 section 324 of the Federal Election Campaign  
17 Act of 1971” after “section”; and

18 (B) in paragraph (2), by inserting “and  
19 section 324 of the Federal Election Campaign  
20 Act of 1971” after “section”.

21 **SEC. 3. REQUIRED DISCLAIMER FOR PRESIDENTIAL CAN-**  
22 **DIDATES.**

23 Section 318 of the Federal Election Campaign Act  
24 of 1971 (2 U.S.C. 441d) is amended by adding at the end  
25 the following:

1       “(c) REQUIRED DISCLAIMER FOR PRESIDENTIAL  
 2 CANDIDATES.—In the case of an expenditure by a can-  
 3 didate for President or Vice President eligible under sec-  
 4 tion 9003 of the Internal Revenue Code of 1986 or under  
 5 section 9033 of the Internal Revenue Code of 1986 to re-  
 6 ceive payments from the Secretary of the Treasury for an  
 7 advertisement that is broadcast by a radio broadcast sta-  
 8 tion or a television broadcast station or communicated by  
 9 direct mail, such advertisement shall contain the following  
 10 statement: ‘Federal law establishes voluntary spending  
 11 limits for candidates for President. This candidate \_\_\_\_  
 12 agreed to abide by the limits.’ (with the blank filled in  
 13 with ‘has’ or ‘has not’ as appropriate).”.

14 **SEC. 4. LIMITATIONS ON POLITICAL ACTIVITY BY TAX-EX-**  
 15 **EMPT ORGANIZATIONS.**

16       Subsection (c) of section 501 of the Internal Revenue  
 17 Code of 1986 (relating to exemption from tax on corpora-  
 18 tions, certain trusts, etc.) is amended—

19           (1) by redesignating subsection (o) as sub-  
 20 section (p); and

21           (2) by inserting after subsection (n) the follow-  
 22 ing new subsection:

23       “(o) SPECIAL RULES FOR ORGANIZATIONS EXEMPT  
 24 UNDER PARAGRAPH (3) OR (4) OF SUBSECTION (c).—An  
 25 organization described in paragraph (3) or (4) of sub-

1 section (c) shall be denied exemption from taxation under  
2 subsection (a) if such organization—

3 “(1) solicits or accepts a contribution (as de-  
4 fined in section 271(b)(2)) from a committee of a  
5 political party or an authorized committee of a can-  
6 didate (as defined in section 301 of the Federal  
7 Election Campaign Act of 1971 (2 U.S.C. 431)),

8 “(2) makes or directs a contribution to a com-  
9 mittee of a political party or an authorized commit-  
10 tee of a candidate,

11 “(3) makes a disbursement for electioneering  
12 advertising (as defined in section 324 of the Federal  
13 Election Campaign Act of 1971), except to the ex-  
14 tent that—

15 “(A) the disbursement constitutes an inde-  
16 pendent expenditure (as defined in section  
17 301(17) of the Federal Election Campaign Act  
18 of 1971 (2 U.S.C. 431(17)), or

19 “(B) the advertising is—

20 “(i) described in section  
21 324(a)(2)(A)(ii) of the Federal Election  
22 Campaign Act of 1971,

23 “(ii) otherwise permitted by law, and

24 “(iii) made more than—

1                   “(I) 60 days before the date of a  
2                   general, special, or runoff election in  
3                   which the identified candidates are  
4                   seeking office, or

5                   “(II) 30 days before the date of  
6                   a primary or preference election or a  
7                   convention or caucus of a political  
8                   party that has authority to nominate  
9                   a candidate for the office for which  
10                  the identified candidates are seeking  
11                  election, or

12                  “(4) participates in a coordinated disbursement  
13                  (as defined in section 9002(14)).”.

14 **SEC. 5. DEFINITIONS OF POLITICAL COMMITTEE AND PO-**  
15 **LITICAL ORGANIZATION.**

16                  (a) DEFINITION OF POLITICAL COMMITTEE.—Sec-  
17 tion 301(4) of the Federal Election Campaign Act of 1971  
18 (2 U.S.C. 431(4)) is amended—

19                  (1) in subparagraph (B), by striking “or” at  
20                  the end;

21                  (2) in subparagraph (C), by striking the period  
22                  at the end and inserting “; or”; and

23                  (3) by adding at the end the following:

24                  “(D) a political organization (as defined in sec-  
25                  tion 527(e)(1) of the Internal Revenue Code of 1986

1 and subject to section 527 of such Code) unless the  
2 activities of the organization are for the exclusive  
3 purpose of influencing or attempting to influence the  
4 selection, nomination, election, or appointment of  
5 any individual or individuals to any State or local  
6 public office or office in a State or local political or-  
7 ganization.”.

8 (b) DEFINITION OF POLITICAL ORGANIZATION.—  
9 Paragraph (e)(1) of section 527 of the Internal Revenue  
10 Code of 1986 (relating to political organizations) is  
11 amended by striking “incorporated) organized and oper-  
12 ated” and all that follows through the period and inserting  
13 “incorporated)—

14 “(A) organized and operated primarily for  
15 the purpose of directly or indirectly accepting  
16 contributions or making expenditures, or both,  
17 for an exempt function, and

18 “(B) that is a political committee described  
19 in section 301(4) of the Federal Election Cam-  
20 paign Act of 1971 (2 U.S.C. 431(4)) except to  
21 the extent that the activities of the organization  
22 are for the exclusive purpose of influencing or  
23 attempting to influence the selection, nomina-  
24 tion, election, or appointment of any individual  
25 or individuals to any State or local public office

1           or office in a State or local political organiza-  
2           tion.”.

3 **SEC. 6. SEVERABILITY.**

4           If any provision of this Act or amendment made by  
5 this Act, or the application of a provision or amendment  
6 to any person or circumstance, is held to be unconstitu-  
7 tional, the remainder of this Act and amendments made  
8 by this Act, and the application of the provisions and  
9 amendment to any person or circumstance, shall not be  
10 affected by the holding.

11 **SEC. 7. EFFECTIVE DATE.**

12           Except as otherwise provided in this Act, this Act and  
13 the amendments made by this Act take effect on the date  
14 that is 30 days after the date of enactment of this Act.

15 **SEC. 8. REGULATIONS.**

16           The Federal Election Commission and the Commis-  
17 sioner of the Internal Revenue Code of 1986 shall—

18           (1) promulgate regulations as necessary to en-  
19 force this Act; and

20           (2) in the promulgation of regulations under  
21 paragraph (1), provide an exception to any provision  
22 that the Commission or Commissioner determines  
23 necessary to serve the public interest.

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