

CAMPAIGN REFORM AND ELECTION INTEGRITY ACT
OF 1998

MARCH 23, 1998.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

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

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 3485]

[Including cost estimate of the Congressional Budget Office]

The Committee on House Oversight, to whom was referred the bill (H.R. 3485) to amend the Federal Election Campaign Act of 1971 to reform the financing of campaigns for election for Federal office, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Campaign Reform and Election Integrity Act of 1998”.

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

Sec. 1. Short title; table of contents.

TITLE I—VOLUNTARY CONTRIBUTIONS

Sec. 101. Prohibiting involuntary use of funds of employees of corporations and other employers and members of unions and organizations for political activities.

TITLE II—BANNING NONCITIZEN CONTRIBUTIONS

Sec. 201. Prohibiting noncitizen individuals from making contributions in connection with Federal elections.

Sec. 202. Increase in penalty for violations of ban.

TITLE III—IMPROVING REPORTING AND ENFORCEMENT

Sec. 301. Expediting reporting of information.

- Sec. 302. Expansion of type of information reported.
 Sec. 303. Promoting effective enforcement by Federal Election Commission.
 Sec. 304. Banning acceptance of cash contributions greater than \$100.
 Sec. 305. Protecting confidentiality of small contributions by employees of corporations and members of labor organizations.
 Sec. 306. Disclosure and reports relating to polling by telephone or electronic device.

TITLE IV—EXCESSIVE SPENDING BY CANDIDATES FROM PERSONAL FUNDS

- Sec. 401. Modification of limitations on contributions when candidates spend or contribute large amounts of personal funds.

TITLE V—ELECTION INTEGRITY

Subtitle A—Voter Eligibility Verification Pilot Program

- Sec. 501. Voter eligibility pilot confirmation program.
 Sec. 502. Authorization of appropriations.

Subtitle B—Other Measures to Protect Election Integrity

- Sec. 511. Requiring inclusion of citizenship check-off and information with all applications for voter registration.
 Sec. 512. Improving administration of voter removal programs.

TITLE VI—REVISION AND INDEXING OF CERTAIN CONTRIBUTION LIMITS AND PENALTIES

- Sec. 601. Increase in certain contribution limits.
 Sec. 602. Indexing limits on certain contributions.
 Sec. 603. Indexing amount of penalties and fines.

TITLE VII—RESTRICTIONS ON SOFT MONEY

- Sec. 701. Ban on soft money of national political parties and candidates.
 Sec. 702. Ban on disbursements of soft money by foreign nationals.
 Sec. 703. Enforcement of spending limit on presidential and vice presidential candidates who receive public financing.
 Sec. 704. Conspiracy to violate presidential campaign spending limits.

TITLE VIII—DISCLOSURE OF CERTAIN COMMUNICATIONS

- Sec. 801. Disclosure of certain communications.

TITLE IX—EFFECTIVE DATE

- Sec. 901. Effective date.

TITLE I—VOLUNTARY CONTRIBUTIONS

SEC. 101. PROHIBITING INVOLUNTARY USE OF FUNDS OF EMPLOYEES OF CORPORATIONS AND OTHER EMPLOYERS AND MEMBERS OF UNIONS AND ORGANIZATIONS FOR POLITICAL ACTIVITIES.

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

“(c)(1)(A) Except with the separate, prior, written, voluntary authorization of the individual involved, it shall be unlawful—

“(i) for any national bank or corporation described in this section to collect from or assess a stockholder or employee any portion of any dues, initiation fee, or other payment made as a condition of employment which will be used for political activity in which the national bank or corporation is engaged; and

“(ii) for any labor organization described in this section to collect from or assess a member or nonmember any portion of any dues, initiation fee, or other payment which will be used for political activity in which the labor organization is engaged.

“(B) An authorization described in subparagraph (A) shall remain in effect until revoked and may be revoked at any time. Each entity collecting from or assessing amounts from an individual with an authorization in effect under such subparagraph shall provide the individual with a statement that the individual may at any time revoke the authorization.

“(2)(A) Prior to the beginning of any 12-month period (as determined by the corporation), each corporation described in this section shall provide each of its shareholders with a notice containing the following:

“(i) The proposed aggregate amount for disbursements for political activities by the corporation for the period.

“(ii) The individual’s applicable percentage and applicable pro rata amount for the period.

“(iii) A form that the individual may complete and return to the corporation to indicate the individual’s objection to the disbursement of amounts for political activities during the period.

“(B) It shall be unlawful for a corporation to which subparagraph (A) applies to make disbursements for political activities during the 12-month period described in such subparagraph in an amount greater than—

“(i) the proposed aggregate amount for such disbursements for the period, as specified in the notice provided under subparagraph (A); reduced by

“(ii) the sum of the applicable pro rata amounts for such period of all shareholders who return the form described in subparagraph (A)(iii) to the corporation prior to the beginning of the period.

“(C) In this paragraph, the following definitions shall apply:

“(i) The term ‘applicable percentage’ means, with respect to a shareholder of a corporation, the amount (expressed as a percentage) equal to the number of shares of the corporation (within a particular class or type of stock) owned by the shareholder at the time the notice described in subparagraph (A) is provided, divided by the aggregate number of such shares owned by all shareholders of the corporation at such time.

“(ii) The term ‘applicable pro rata amount’ means, with respect to a shareholder for a 12-month period, the product of the shareholder’s applicable percentage for the period and the proposed aggregate amount for disbursements for political activities by the corporation for the period, as specified in the notice provided under subparagraph (A).

“(3)(A) Prior to the beginning of any 12-month period (as determined by the organization), each organization exempt from Federal taxation under section 501 of the Internal Revenue Code of 1986 (other than a labor organization) shall provide each of its members with a notice containing the following:

“(i) The proposed aggregate amount for disbursements for political activities by the organization for the period.

“(ii) The individual’s applicable percentage and applicable pro rata amount for the period.

“(iii) A form that the individual may complete and return to the organization to indicate the individual’s objection to the disbursement of amounts for political activities during the period.

“(B) It shall be unlawful for an organization to which subparagraph (A) applies to make disbursements for political activities during the 12-month period described in such subparagraph in an amount greater than—

“(i) the proposed aggregate amount for such disbursements for the period, as specified in the notice provided under subparagraph (A); reduced by

“(ii) the sum of the applicable pro rata amounts for such period of all members who return the form described in subparagraph (A)(iii) to the organization prior to the beginning of the period.

“(C) In this paragraph, the following definitions shall apply:

“(i) The term ‘applicable percentage’ means, with respect to a member of an organization, the amount (expressed as a percentage) equal to the total dues or membership fees paid by the member for the period involved, divided by the total amount of dues or fees paid by all members of the organization for such period.

“(ii) The term ‘applicable pro rata amount’ means, with respect to a member for a 12-month period, the product of the member’s applicable percentage for the period and the proposed aggregate amount for disbursements for political activities by the organization for the period, as specified in the notice provided under subparagraph (A).

“(4) For purposes of this subsection, the term ‘political activity’ means any activity carried out for the purpose of influencing (in whole or in part) any election for Federal office, influencing the consideration or outcome of any Federal legislation or the issuance or outcome of any Federal regulations, or educating individuals about candidates for election for Federal office or any Federal legislation, law, or regulations.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to amounts collected or assessed on or after the date of the enactment of this Act.

TITLE II—BANNING NONCITIZEN CONTRIBUTIONS

SEC. 201. PROHIBITING NONCITIZEN INDIVIDUALS FROM MAKING CONTRIBUTIONS IN CONNECTION WITH FEDERAL ELECTIONS.

(a) PROHIBITION APPLICABLE TO ALL NONCITIZENS.—Section 319(b)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441e(b)(2)) is amended by striking “and who is not lawfully admitted” and all that follows and inserting a period.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to contributions or expenditures made on or after the date of the enactment of this Act.

SEC. 202. INCREASE IN PENALTY FOR VIOLATIONS OF BAN.

(a) APPLICATION OF PENALTY TO FOREIGN NATIONALS AND CITIZENS WHO SOLICIT OR ACCEPT FOREIGN PAYMENTS.—Section 319 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441e) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following new subsection:

“(b) Notwithstanding any other provision of this Act, the amount or duration of any penalty, fine, or sentence imposed on any person who violates subsection (a) shall be 200 percent of the amount or duration which is otherwise provided for under this Act or any other applicable law.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to violations occurring on or after the date of the enactment of this Act.

TITLE III—IMPROVING REPORTING AND ENFORCEMENT

SEC. 301. EXPEDITING REPORTING OF INFORMATION.

(a) PERMITTING CANDIDATES TO ELECT TO FILE REPORTS FOR CONTRIBUTIONS AND EXPENDITURES MADE WITHIN 90 DAYS OF ELECTION WITHIN 24 HOURS AND POST ON INTERNET.—

(1) IN GENERAL.—Section 304(a) of the Federal Election Campaign Act of 1971

(2 U.S.C. 434(a)) is amended by adding at the end the following new paragraph:

“(12)(A) Notwithstanding any other provision of this Act, any authorized political committee of a candidate may notify the Commission that, with respect to each contribution received or expenditure made by the committee during the period which begins on the 90th day before an election and ends at the time the polls close for such election, the candidate elects to file any information required to be filed with the Commission under this section with respect to such contribution or expenditure within 24 hours after the receipt of the contribution or the making of the expenditure.

“(B) The Commission shall make the information filed under this paragraph available on the Internet immediately upon receipt.”

(2) INTERNET DEFINED.—Section 301(19) of such Act (2 U.S.C. 431(19)) is amended to read as follows:

“(19) The term ‘Internet’ means the international computer network of both Federal and non-Federal interoperable packet-switched data networks.”

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

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

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

(c) REQUIRING ACTUAL RECEIPT OF CERTAIN INDEPENDENT EXPENDITURE REPORTS WITHIN 24 HOURS.—

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

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

(B) by adding at the end the following new sentence: “Notwithstanding subsection (a)(5), the time at which the statement under this subsection is received by the Secretary, the Commission, or any other recipient to whom

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

(2) CONFORMING AMENDMENT.—Section 304(a)(5) of such Act (2 U.S.C. 434(a)(5)) is amended by striking “or (4)(A)(ii)” and inserting “or (4)(A)(ii), or the second sentence of subsection (c)(2)”.

(d) REQUIRING REPORTS OF CERTAIN FILERS TO BE TRANSMITTED ELECTRONICALLY; CERTIFICATION OF PRIVATE SECTOR SOFTWARE.—Section 304(a)(11)(A) of such Act (2 U.S.C. 434(a)(11)(A)) is amended by striking the period at the end and inserting the following: “, except that in the case of a report submitted by a person who reports an aggregate amount of contributions or expenditures (as the case may be) in all reports filed with respect to the election involved (taking into account the period covered by the report) in an amount equal to or greater than \$50,000, the Commission shall require the report to be filed and preserved by such means, format, or method. The Commission shall certify (on an ongoing basis) private sector computer software which may be used for filing reports by such means, format, or method.”.

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

SEC. 302. EXPANSION OF TYPE OF INFORMATION REPORTED.

(a) REQUIRING RECORD KEEPING AND REPORT OF SECONDARY PAYMENTS BY CAMPAIGN COMMITTEES.—

(1) REPORTING.—Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended by striking the semicolon at the end and inserting the following: “, and, if such person in turn makes expenditures which aggregate \$500 or more in an election cycle to other persons (not including employees) who provide goods or services to the candidate or the candidate’s authorized committees, the name and address of such other persons, together with the date, amount, and purpose of such expenditures;”.

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

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

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

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

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

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

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

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

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

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

SEC. 303. PROMOTING EFFECTIVE ENFORCEMENT BY FEDERAL ELECTION COMMISSION.

(a) REQUIRING FEC TO PROVIDE WRITTEN RESPONSES TO QUESTIONS.—

(1) IN GENERAL.—Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) is amended by inserting after section 308 the following new section:

“OTHER WRITTEN RESPONSES TO QUESTIONS

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

“(b) PROCEDURE FOR RESPONSE.—

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

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

“(c) EFFECT OF RESPONSE.—

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

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

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

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

(2) CONFORMING AMENDMENT.—Section 307(a)(7) of such Act (2 U.S.C. 437d(a)(7)) is amended by striking “of this Act” and inserting “and other written responses under section 308A”.

(b) STANDARD FOR INITIATION OF ACTIONS BY FEC.—Section 309(a)(2) of such Act (2 U.S.C. 437g(a)(2)) is amended by striking “it has reason to believe” and all that follows through “of 1954,” and inserting the following: “it has a reason to investigate a possible violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1986 that has occurred or is about to occur (based on the same criteria applicable under this paragraph prior to the enactment of the Campaign Reform and Election Integrity Act of 1998).”

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

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

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

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

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

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

mission should take no action against you based on this complaint. If the Commission should decide to investigate, you will be notified and be given further opportunity to respond.’”.

SEC. 304. BANNING ACCEPTANCE OF CASH CONTRIBUTIONS GREATER THAN \$100.

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

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

SEC. 305. PROTECTING CONFIDENTIALITY OF SMALL CONTRIBUTIONS BY EMPLOYEES OF CORPORATIONS AND MEMBERS OF LABOR ORGANIZATIONS.

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

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

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

SEC. 306. DISCLOSURE AND REPORTS RELATING TO POLLING BY TELEPHONE OR ELECTRONIC DEVICE.

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

“DISCLOSURE AND REPORTS RELATING TO POLLING BY TELEPHONE OR ELECTRONIC
DEVICE

“SEC. 323. (a) DISCLOSURE OF IDENTITY OF PERSON PAYING EXPENSES OF POLL.—Any person who conducts a Federal election poll by telephone or electronic device shall disclose to each respondent the identity of the person paying the expenses of the poll. The disclosure shall be made at the end of the interview involved.

“(b) REPORTING CERTAIN INFORMATION.—In the case of any Federal election poll taken by telephone or electronic device during the 90-day period which ends on the date of the election involved—

“(1) if the results are not to be made public, the person who conducts the poll shall report to the Commission the total cost of the poll and all sources of funds for the poll; and

“(2) the person who conducts the poll shall report to the Commission the total number of households contacted and include with such report a copy of the poll questions.

“(c) FEDERAL ELECTION POLL DEFINED.—As used in this section, the term ‘Federal election poll’ means a survey—

“(1) in which the respondent is asked to state a preference in a future election for Federal office; and

“(2) in which more than 1,200 households are surveyed.”.

TITLE IV—EXCESSIVE SPENDING BY CANDIDATES FROM PERSONAL FUNDS

SEC. 401. MODIFICATION OF LIMITATIONS ON CONTRIBUTIONS WHEN CANDIDATES SPEND OR CONTRIBUTE LARGE AMOUNTS OF PERSONAL FUNDS.

(a) IN GENERAL.—Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a), as amended by section 304, is amended by adding at the end the following new subsection:

“(j)(1) Notwithstanding subsection (a), if in a general election a House candidate makes expenditures of personal funds (including contributions by the candidate to the candidate’s authorized campaign committee) in an amount in excess of the amount of the limitation established under subsection (a)(1)(A) and less than or equal to \$150,000 (as reported under section 304(a)(2)(A)), a political party committee may make contributions to an opponent of the House candidate without regard to any limitation otherwise applicable to such contributions under subsection (a), except that no opponent may accept aggregate contributions under this paragraph in an amount greater than the greatest amount of personal funds expended (including contributions to the candidate’s authorized campaign committee) by any House can-

didate (other than such opponent) with respect to the election, less any personal funds expended by such opponent (as reported in a notification submitted under section 304(a)(6)(B)).

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

“(A) In the case of a general election, the limitations under subsections (a)(1), (a)(2), and (a)(3) (insofar as such limitations apply to political party committees and to individuals, and to other political committees to the extent that the amount contributed does not exceed 10 times the amount of the limitation otherwise applicable under such subsection) shall not apply to contributions to any opponent of the candidate, except that no opponent may accept aggregate contributions under this subparagraph and paragraph (1) in an amount greater than the greatest amount of personal funds (including contributions to the candidate’s authorized campaign committee) expended by any House candidate with respect to the election, less any personal funds expended by such opponent (as reported in a notification submitted under section 304(a)(6)(B)).

“(B) In the case of an election other than a general election, the limitations under subsections (a)(1) and (a)(2) (insofar as such limitations apply to individuals and to political committees other than political party committees to the extent that the amount contributed does not exceed 10 times the amount of the limitation otherwise applicable under such subsection) shall not apply to contributions to any opponent of the candidate, except that no opponent may accept aggregate contributions under this subparagraph in an amount greater than the greatest amount of personal funds (including contributions to the candidate’s authorized campaign committee) expended by any House candidate with respect to the election, less any personal funds expended by such opponent (as reported in a notification submitted under section 304(a)(6)(B)).

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

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

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

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

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

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

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

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

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

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

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

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

TITLE V—ELECTION INTEGRITY

Subtitle A—Voter Eligibility Verification Pilot Program

SEC. 501. VOTER ELIGIBILITY PILOT CONFIRMATION PROGRAM.

(a) **IN GENERAL.**—The Attorney General, in consultation with the Commissioner of Social Security, shall establish a pilot program to test a confirmation system through which they—

(1) respond to inquiries, made by State and local officials (including voting registrars) with responsibility for determining an individual's qualification to vote in a Federal, State, or local election, to verify the citizenship of an individual who has submitted a voter registration application, and

(2) maintain such records of the inquiries made and verifications provided as may be necessary for pilot program evaluation.

In order to make an inquiry through the pilot program with respect to an individual, an election official shall provide the name, date of birth, and last 4 digits of the social security account number of the individual.

(b) **INITIAL RESPONSE.**—The pilot program shall provide for a confirmation or a tentative nonconfirmation of an individual's citizenship by the Commissioner of Social Security as soon as practicable after an initial inquiry to the Commissioner.

(c) **SECONDARY VERIFICATION PROCESS IN CASE OF TENTATIVE NONCONFIRMATION.**—In cases of tentative nonconfirmation, the Attorney General shall specify, in consultation with the Commissioner of Social Security and the Commissioner of the Immigration and Naturalization Service, an available secondary verification process to confirm the validity of information provided and to provide a final confirmation or nonconfirmation as soon as practicable after the date of the tentative nonconfirmation.

(d) **DESIGN AND OPERATION OF PILOT PROGRAM.**—

(1) **IN GENERAL.**—The pilot program shall be designed and operated—

(A) to apply in, at a minimum, the States of California, New York, Texas, Florida, and Illinois;

(B) to be used on a voluntary basis, as a supplementary information source, by State and local election officials for the purpose of assessing, through citizenship verification, the eligibility of an individual to vote in Federal, State, or local elections;

(C) to respond to an inquiry concerning citizenship only in a case where determining whether an individual is a citizen is—

(i) necessary for determining whether the individual is eligible to vote in an election for Federal, State, or local office; and

(ii) part of a program or activity to protect the integrity of the electoral process that is uniform, nondiscriminatory, and in compliance with the Voting Rights Act of 1965 (42 U.S.C. 1973 et seq.);

(D) to maximize its reliability and ease of use, consistent with insulating and protecting the privacy and security of the underlying information;

(E) to permit inquiries to be made to the pilot program through a toll-free telephone line or other toll-free electronic media;

(F) to respond to all inquiries made by authorized persons and to register all times when the pilot program is not responding to inquiries because of a malfunction;

(G) with appropriate administrative, technical, and physical safeguards to prevent unauthorized disclosure of personal information, including violations of the requirements of section 205(c)(2)(C)(viii) of the Social Security Act; and

(H) to have reasonable safeguards against the pilot program's resulting in unlawful discriminatory practices based on national origin or citizenship status, including the selective or unauthorized use of the pilot program.

(2) **USE OF EMPLOYMENT ELIGIBILITY CONFIRMATION SYSTEM.**—To the extent practicable, in establishing the confirmation system under this section, the Attorney General, in consultation with the Commissioner of Social Security, shall use the employment eligibility confirmation system established under section 404 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104–208; 110 Stat. 3009–664).

(e) **RESPONSIBILITIES OF THE COMMISSIONER OF SOCIAL SECURITY.**—As part of the pilot program, the Commissioner of Social Security shall establish a reliable, secure

method which compares the name, date of birth, and last 4 digits of the social security account number provided in an inquiry against such information maintained by the Commissioner, in order to confirm (or not confirm) the correspondence of the name, date of birth, and number provided and whether the individual is shown as a citizen of the United States on the records maintained by the Commissioner (including whether such records show that the individual was born in the United States). The Commissioner shall not disclose or release social security information (other than such confirmation or nonconfirmation).

(f) RESPONSIBILITIES OF THE COMMISSIONER OF THE IMMIGRATION AND NATURALIZATION SERVICE.—As part of the pilot program, the Commissioner of the Immigration and Naturalization Service shall establish a reliable, secure method which compares the name and date of birth which are provided in an inquiry against information maintained by the Commissioner in order to confirm (or not confirm) the validity of the information provided, the correspondence of the name and date of birth, and whether the individual is a citizen of the United States.

(g) UPDATING INFORMATION.—The Commissioner of Social Security and the Commissioner of the Immigration and Naturalization Service shall update their information in a manner that promotes the maximum accuracy and shall provide a process for the prompt correction of erroneous information, including instances in which it is brought to their attention in the secondary verification process described in subsection (c) or in any action by an individual to use the process provided under this subsection upon receipt of notification from an election official under subsection (i).

(h) LIMITATION ON USE OF THE PILOT PROGRAM AND ANY RELATED SYSTEMS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, nothing in this section shall be construed to permit or allow any department, bureau, or other agency of the United States Government to utilize any information, data base, or other records assembled under this section for any other purpose other than as provided for under this section.

(2) NO NATIONAL IDENTIFICATION CARD.—Nothing in this section shall be construed to authorize, directly or indirectly, the issuance or use of national identification cards or the establishment of a national identification card.

(3) NO NEW DATA BASES.—Nothing in this section shall be construed to authorize, directly or indirectly, the Attorney General and the Commissioner of Social Security to create any joint computer data base that is not in existence on the date of the enactment of this Act.

(i) ACTIONS BY ELECTION OFFICIALS UNABLE TO CONFIRM CITIZENSHIP.—

(1) IN GENERAL.—If an election official receives a notice of final nonconfirmation under subsection (c) with respect to an individual, the official—

(A) shall notify the individual in writing; and

(B) shall inform the individual in writing of the individual's right to use—
 (i) the process provided under subsection (g) for the prompt correction of erroneous information in the pilot program; or
 (ii) any other process for establishing eligibility to vote provided under State or Federal law.

(2) REGISTRATION APPLICANTS.—In the case of an individual who is an applicant for voter registration, and who receives a notice from an official under paragraph (1), the official may (subject to, and in a manner consistent with, State law) reject the application (subject to the right to reapply), but only if the following conditions have been satisfied:

(A) The 30-day period beginning on the date the notice was mailed or otherwise provided to the individual has elapsed.

(B) During such 30-day period, the official did not receive adequate confirmation of the citizenship of the individual from—

(i) a source other than the pilot program established under this section; or

(ii) such pilot program, pursuant to a new inquiry to the pilot program made by the official upon receipt of information (from the individual or through any other reliable source) that erroneous or incomplete material information previously in the pilot program has been updated, supplemented, or corrected.

(3) INELIGIBLE VOTER REMOVAL PROGRAMS.—In the case of an individual who is registered to vote, and who receives a notice from an official under paragraph (1) in connection with a program to remove the names of ineligible voters from an official list of eligible voters, the official may (subject to, and in a manner consistent with, State law) remove the name of the individual from the list (subject to the right to submit another voter registration application), but only if the following conditions have been satisfied:

(A) The 30-day period beginning on the date the notice was mailed or otherwise provided to the individual has elapsed.

(B) During such 30-day period, the official did not receive adequate confirmation of the citizenship of the individual from a source described in clause (i) or (ii) of paragraph (2)(B).

(j) **AUTHORITY TO USE SOCIAL SECURITY ACCOUNT NUMBERS.**—Any State (or political subdivision thereof) may, for the purpose of making inquiries under the pilot program in the administration of any voter registration law within its jurisdiction, use the last 4 digits of the social security account numbers issued by the Commissioner of Social Security, and may, for such purpose, require any individual who is or appears to be affected by a voter registration law of such State (or political subdivision thereof) to furnish to such State (or political subdivision thereof) or any agency thereof having administrative responsibility for such law, the last 4 digits of the social security account number (or numbers, if the individual has more than one such number) issued to the individual by the Commissioner. Nothing in this subsection may be construed to prohibit or limit the application of any voter registration program which is in compliance with any applicable Federal or State law.

(k) **TERMINATION AND REPORT.**—The pilot program shall terminate September 30, 2001. The Attorney General and the Commissioner of Social Security shall each submit to the Committee on the Judiciary and the Committee on Ways and Means of the House of Representatives and to the Committee on the Judiciary and the Committee on Finance of the Senate reports on the pilot program not later than December 31, 2001. Such reports shall—

(1) assess the degree of fraudulent attesting of United States citizenship in jurisdictions covered by the pilot program;

(2) assess the appropriate staffing and funding levels which would be required for full, permanent, and nationwide implementation of the pilot program, including the estimated total cost for national implementation per individual record;

(3) include an assessment by the Commissioner of Social Security of the advisability and ramifications of disclosure of social security account numbers to the extent provided for under the pilot program and upon full, permanent, and nationwide implementation of the pilot program;

(4) assess the degree to which the records maintained by the Commissioner of Social Security and the Commissioner of the Immigration and Naturalization Service are able to be used to reliably determine the citizenship of individuals who have submitted voter registration applications;

(5) assess the effectiveness of the pilot program's safeguards against unlawful discriminatory practices;

(6) include recommendations on whether or not the pilot program should be continued or modified; and

(7) include such other information as the Attorney General or the Commissioner of Social Security may determine to be relevant.

SEC. 502. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Department of Justice, for the Immigration and Naturalization Service, for fiscal years beginning on or after October 1, 1998, such sums as are necessary to carry out the provisions of this subtitle.

Subtitle B—Other Measures to Protect Election Integrity

SEC. 511. REQUIRING INCLUSION OF CITIZENSHIP CHECK-OFF AND INFORMATION WITH ALL APPLICATIONS FOR VOTER REGISTRATION.

(a) **IN GENERAL.**—Section 9 of the National Voter Registration Act of 1993 (42 U.S.C. 1973gg–7) is amended by adding at the end the following new subsection:

“(c) **CITIZENSHIP CHECK-OFF AND OTHER INFORMATION.**—

“(1) **IN GENERAL.**—Effective January 1, 2000—

“(A) the mail voter registration form developed under subsection (a)(2) and each application for voter registration of a State shall include 2 boxes for the applicant to indicate whether or not the applicant is a citizen of the United States, and no application for voter registration may be considered to be completed unless the applicant has checked the box indicating that the applicant is a citizen of the United States; and

“(B) such form and each application for voter registration of a State shall require the applicant to provide—

“(i) the city, State or province (if any), and nation of the individual’s birth; and

“(ii) if the individual is a naturalized citizen of the United States, the year in which the individual was admitted to citizenship and the location where the admission to citizenship occurred (if applicable).

“(2) STATE OPT-OUT.—Paragraph (1) shall not apply with respect to applications for voter registration of any State which notifies the Federal Election Commission prior to January 1, 2000, that it elects to reject the application of such paragraph to applications for voter registration of the State.”.

(b) CONFORMING AMENDMENTS.—The National Voter Registration Act of 1993 is amended by striking “requirement;” each place it appears in section 5(c)(2)(C)(ii) (42 U.S.C. 1973gg-3(c)(2)(C)(ii)), section 7(a)(6)(A)(i)(II) (42 U.S.C. 1973gg-5(a)(6)(A)(i)(II)), and section 9(b)(2)(B) (42 U.S.C. 1973gg-7(b)(2)(B)), and inserting “requirement (consistent with section 9(c));”.

SEC. 512. IMPROVING ADMINISTRATION OF VOTER REMOVAL PROGRAMS.

(a) PERMITTING STATE TO REQUIRE AFFIRMATION OF ADDRESS OF REGISTRANTS NOT VOTING IN 2 CONSECUTIVE GENERAL FEDERAL ELECTIONS.—Section 8(e) of the National Voter Registration Act of 1993 (42 U.S.C. 1973gg-6(e)) is amended by adding at the end the following new paragraph:

“(4)(A) If a registrant has not voted or appeared to vote in two consecutive general elections for Federal office, a State may send the registrant a notice consisting of—

“(i) a postage prepaid and pre-addressed return card, sent by forwardable mail, on which the registrant may state his or her current address; and

“(ii) a notice that if the card is not returned, oral or written affirmation of the registrant’s identification and address may be required before the registrant is permitted to vote in a subsequent Federal election.

“(B) If a registrant to whom a State has sent a notice under subparagraph (A) has not returned the card provided in the notice and appears at a polling place to cast a vote in a Federal election, the State may require the registrant to provide oral or written affirmation of the registrant’s identification and address before an election official at the polling place as a condition for casting the vote.”.

(b) PERMITTING STATE TO PLACE REGISTRANTS WITH INAPPLICABLE ADDRESSES ON INACTIVE LIST.—

(1) IN GENERAL.—Section 8(d)(1)(B)(i) of such Act (42 U.S.C. 1973gg-6(d)(1)(B)(i)) is amended by striking “paragraph (2);” and inserting “paragraph (2), or has provided a mailing address which the Postal Services indicates is no longer applicable and has provided no other applicable address;”.

(2) REQUIRING CONFIRMATION OF ADDRESS PRIOR TO VOTING.—Section 8(d) of such Act (42 U.S.C. 1973gg-6(d)) is amended by adding at the end the following new paragraph:

“(4) The second sentence of paragraph (2)(A) shall apply to an individual described in paragraph (1)(B)(i) who has provided a mailing address which the Postal Services indicates is no longer applicable and has provided no other applicable address in the same manner as such sentence applies to an individual who has failed to respond to a notice described in paragraph (2).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect January 1, 1999, and shall apply with respect to general elections for Federal office held on or after January 1, 1998.

TITLE VI—REVISION AND INDEXING OF CERTAIN CONTRIBUTION LIMITS AND PENALTIES

SEC. 601. INCREASE IN CERTAIN CONTRIBUTION LIMITS.

(a) CONTRIBUTIONS BY INDIVIDUALS.—

(1) CONTRIBUTIONS TO CANDIDATES.—Section 315(a)(1)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(1)(A)) is amended by striking “\$1,000” and inserting “\$2,000”.

(2) CONTRIBUTIONS TO STATE OR LOCAL POLITICAL PARTIES.—Section 315(a)(1) of such Act (2 U.S.C. 441a(a)(1)) is amended—

(A) by striking “or” at the end of subparagraph (B);

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

(C) by inserting after subparagraph (B) the following new subparagraph:

“(C) to the political committees established and maintained by a State or local political party, which are not the authorized political committees of any candidate, in any calendar year which, in the aggregate, exceed \$15,000; or”.

(3) CONTRIBUTIONS TO NATIONAL POLITICAL PARTIES.—Section 315(a)(1)(B) of such Act (2 U.S.C. 441a(a)(1)(B)) is amended by striking “\$20,000” and inserting “\$60,000”.

(4) AGGREGATE ANNUAL LIMIT ON ALL CONTRIBUTIONS.—Section 315(a)(3) of such Act (2 U.S.C. 441a(a)(3)) is amended by striking “\$25,000” and inserting “\$75,000”.

(b) CONTRIBUTIONS BY POLITICAL PARTIES.—Section 315(a)(1) of such Act (2 U.S.C. 441a(a)(1)), as amended by subsection (a)(2), is amended—

(1) by striking “or” at the end of subparagraph (C);

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following new subparagraph:

“(D) in the case of contributions made to a candidate and any authorized committee of the candidate by a political committee of a national, State, or local political party which is not the authorized political committee of any candidate, in any calendar year which, in the aggregate, exceed \$15,000; or”.

SEC. 602. INDEXING LIMITS ON CERTAIN CONTRIBUTIONS.

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

“(3)(A) The amount of each limitation established under subsection (a) (other than any limitation under paragraph (1)(E) or (2)) shall be adjusted as follows:

“(i) For calendar year 2001, each such amount shall be equal to the amount described in such subsection, increased (in a compounded manner) by the percentage increase in the price index (as defined in paragraph (2)) for 1999 and 2000.

“(ii) For calendar year 2003 and each second subsequent year, each such amount shall be equal to the amount for the second previous year (as adjusted under this subparagraph), increased (in a compounded manner) by the percentage increase in the price index for the previous year and the second previous year.

“(B) In the case of any amount adjusted under this subparagraph which is not a multiple of \$100, the amount shall be rounded to the nearest multiple of \$100.”.

(b) APPLICATION OF INDEXING TO SUPPORT OF CANDIDATE’S COMMITTEES.—Section 302(e)(3)(B) of such Act (2 U.S.C. 432(e)(3)(B)) is amended by adding at the end the following new sentence: “The amount described in the previous sentence shall be adjusted (for years beginning with 1999) in the same manner as the amounts of limitations on contributions under section 315(a) are adjusted under section 315(c)(3).”.

SEC. 603. INDEXING AMOUNT OF PENALTIES AND FINES.

(a) INDEXING TO ACCOUNT FOR PAST INFLATION.—

(1) PENALTIES.—Section 309(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)) is amended—

(A) in paragraph (5)(A), by striking “\$5,000” and inserting “\$15,000”;

(B) in paragraph (5)(B), by striking “\$10,000” and inserting “\$30,000”;

(C) in paragraph (6)(A), by striking “\$5,000” and inserting “\$15,000”;

(D) in paragraph (6)(B), by striking “\$5,000” and inserting “\$15,000”; and

(E) in paragraph (6)(C), by striking “\$10,000” and inserting “\$30,000”.

(2) FINES.—Section 309 of such Act (2 U.S.C. 437g) is amended—

(A) in subsection (a)(12)(B)—

(i) by striking “\$2,000” and inserting “\$6,000”, and

(ii) by striking “\$5,000” and inserting “\$15,000”; and

(B) in the second sentence of subsection (d)(1)(A), by striking “\$25,000” and inserting “\$75,000”.

(b) INDEXING FOR FUTURE YEARS.—Section 309 of such Act (2 U.S.C. 437g) is amended—

(1) in subsection (a), by adding at the end the following new paragraph:

“(13) Each amount referred to in this subsection shall be adjusted (for years beginning with 2001) in the same manner as the amounts of limitations on contributions under section 315(a) are adjusted under section 315(c)(3).”; and

(2) in the second sentence of subsection (d)(1)(A), as amended by subsection (a)(2)(B), by inserting after “\$75,000” the following: “(adjusted for years beginning with 2001 in the same manner as the amounts of limitations on contributions under section 315(a) are adjusted under section 315(c)(3))”.

TITLE VII—RESTRICTIONS ON SOFT MONEY

SEC. 701. BAN ON SOFT MONEY OF NATIONAL POLITICAL PARTIES AND CANDIDATES.

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.), as amended by section 306, is amended by adding at the end the following new section:

“BAN ON USE OF SOFT MONEY BY NATIONAL POLITICAL PARTIES AND CANDIDATES

“SEC. 324. (a) NATIONAL PARTIES.—

“(1) IN GENERAL.—No political committee of a national political party may solicit, receive, or direct any contributions, donations, or transfers of funds, or spend any funds, which are not subject to the limitations, prohibitions, and reporting requirements of this Act.

“(2) APPLICABILITY.—Paragraph (1) shall apply to any entity which is established, financed, maintained, or controlled (directly or indirectly) by, or which acts on behalf of, a political committee of a national political party, including any national congressional campaign committee of such a party and any officer or agent of such an entity or committee.

“(b) CANDIDATES.—

“(1) IN GENERAL.—No candidate for Federal office, individual holding Federal office, or any agent of such a candidate or officeholder may solicit, receive, or direct—

“(A) any funds in connection with any Federal election unless the funds are subject to the limitations, prohibitions and reporting requirements of this Act;

“(B) any funds that are to be expended in connection with any election for other than a Federal office unless the funds are not in excess of the applicable amounts permitted with respect to contributions to candidates and political committees under paragraphs (1) and (2) of section 315(a), and are not from sources prohibited from making contributions by this Act with respect to elections for Federal office; or

“(C) any funds on behalf of any person which are not subject to the limitations, prohibitions, and reporting requirements of this Act if such funds are for the purpose of financing any activity on behalf of a candidate for election for Federal office or any communication which refers to a clearly identified candidate for election for Federal office.

“(2) EXCEPTION FOR CERTAIN ACTIVITIES.—Paragraph (1) shall not apply to—

“(A) the solicitation, receipt, or direction of funds by an individual who is a candidate for a non-Federal office if such activity is permitted under State law for such individual’s non-Federal campaign committee; or

“(B) the attendance by an individual who holds Federal office at a fund-raising event for a State or local committee of a political party of the State which the individual represents as a Federal officeholder, if the event is held in such State.

“(c) APPLICABILITY TO FUNDS FROM ALL SOURCES.—This section shall apply with respect to funds of any individual, corporation, labor organization, or other person.”.

SEC. 702. BAN ON DISBURSEMENTS OF SOFT MONEY BY FOREIGN NATIONALS.

(a) PROHIBITION ON DISBURSEMENTS BY FOREIGN NATIONALS FOR POLITICAL PARTIES AND INDEPENDENT EXPENDITURES.—Section 319 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441e) is amended—

(1) in the heading, by striking “CONTRIBUTIONS” and inserting “DISBURSEMENTS”;

(2) in subsection (a), by striking “contribution” each place it appears and inserting “disbursement”; and

(3) in subsection (a), by striking the semicolon and inserting the following: “, including any disbursement to a political committee of a political party and any disbursement for an independent expenditure;”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to disbursements made on or after the date of the enactment of this Act.

SEC. 703. ENFORCEMENT OF SPENDING LIMIT ON PRESIDENTIAL AND VICE PRESIDENTIAL CANDIDATES WHO RECEIVE PUBLIC FINANCING.

(a) IN GENERAL.—Section 9003 of the Internal Revenue Code of 1986 (26 U.S.C. 9003) is amended by adding at the end the following new subsection:

“(f) ILLEGAL SOLICITATION OF SOFT MONEY.—No candidate for election to the office of President or Vice President may receive amounts from the Presidential Election Campaign Fund under this chapter or chapter 96 unless the candidate certifies that

the candidate shall not solicit any funds for purposes of influencing (directly or indirectly) such election, including any funds used for an independent expenditure under the Federal Election Campaign Act of 1971, unless the funds are subject to the limitations, prohibitions, and reporting requirements of the Federal Election Campaign Act of 1971.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to elections occurring on or after the date of the enactment of this Act.

SEC. 704. CONSPIRACY TO VIOLATE PRESIDENTIAL CAMPAIGN SPENDING LIMITS.

(a) IN GENERAL.—Section 9003 of the Internal Revenue Code of 1986 (26 U.S.C. 9003), as amended by section 703, is further amended by adding at the end the following new subsection:

“(g) PROHIBITING CONSPIRACY TO VIOLATE LIMITS.—

“(1) VIOLATION OF LIMITS DESCRIBED.—If a candidate for election to the office of President or Vice President who receives amounts from the Presidential Election Campaign Fund under chapter 95 or 96 of the Internal Revenue Code of 1986, or the agent of such a candidate, seeks to avoid the spending limits applicable to the candidate under such chapter or under the Federal Election Campaign Act of 1971 by soliciting, receiving, transferring, or directing funds from any source other than such Fund for the direct or indirect benefit of such candidate’s campaign, such candidate or agent shall be fined not more than \$1,000,000, or imprisoned for a term of not more than 3 years, or both.

“(2) CONSPIRACY TO VIOLATE LIMITS DEFINED.—If two or more persons conspire to violate paragraph (1), and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined not more than \$1,000,000, or imprisoned for a term of not more than 3 years, or both.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to elections occurring on or after the date of the enactment of this Act.

TITLE VIII—DISCLOSURE OF CERTAIN COMMUNICATIONS

SEC. 801. DISCLOSURE OF CERTAIN COMMUNICATIONS.

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

“(d)(1) In addition to any other information required to be reported under this Act, any person who makes payments described in paragraph (2) in an aggregate amount or value in excess of \$250 during a calendar year shall report such payments and the source of the funds used to make such payments to the Commission in the same manner and under the same terms and conditions as a political committee reporting expenditures and contributions to the Commission under this section, except that if such person makes such payments in an aggregate amount or value of \$1,000 or more after the 20th day, but more than 24 hours, before any election, such person shall report such information within 24 hours after such payments are made.

“(2) A payment described in this paragraph is a payment for any communication which is made during the 90-day period ending on the date of an election and which mentions a clearly identified candidate for election for Federal office or the political party of such a candidate, or which contains the likeness of such a candidate, other than a payment which would be described in clause (i), (iii), or (v) of section 301(9)(B) if the payment were an expenditure under such section.”

TITLE IX—EFFECTIVE DATE

SEC. 901. EFFECTIVE DATE.

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

GENERAL DISCUSSION

PURPOSES AND GOALS OF THE LEGISLATION

In a representative democracy, the critical link between the people and their government is a system of free, open and honest elec-

tions through which people choose who will represent their views in matters of public policy.

No element of our electoral process is more important than the Constitutionally guaranteed rights of free speech and assembly. The ability of individuals and candidates to speak their views freely and vigorously provides a strong foundation for competitive elections and is the ultimate protection against tyranny. The U.S. Supreme Court has held that excessive regulation of campaign processes interferes with these Constitutional rights. In the landmark case of *Buckley v. Valeo* (1976), the Supreme Court held that mandatory limits on campaign expenditures are unconstitutional and further held that only "corruption or the appearance of corruption" could justify limits on campaign contributions.

This Committee held seven days of hearings over four months and heard testimony from 45 Members of Congress, and, notwithstanding our Constitutionally-protected freedoms, believes that reforms in the nation's election laws are needed to remove the appearance or reality of corruption in the current system. We believe these objectives can be accomplished without any infringement of those freedoms. The fundamental goals of H.R. 3485 are:

- ensuring that political contributions are voluntary;
- banning unlimited soft money to national parties and candidates, while strengthening the role of individual citizens and political parties;
- fostering equitable rules when one candidate contributes large amounts of personal resources;
- providing citizens with timely information about money spent to influence the political process, regardless of classification under federal law;
- fostering election rules that encourage rather than discourage candidates from running for office; and
- protecting the integrity of the American election system from vote fraud and foreign influence.

Ensure that contributions are voluntary

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

This legislation would require labor unions, corporations, and national banks to obtain written, prior, voluntary authorization before any treasury money may be used for political purposes. For corporations and national banks, this would apply to any dues, fees or payments as a condition of employment from stockholders or employees. For unions, this would apply to dues, fees, or other payments from members or non-members. Workers and stockholders would have to be notified that such authorizations could be revoked at any time.

In order to address concerns that these provisions would unfairly restrict labor organizations while favoring corporations, the legisla-

tion takes further steps to protect the rights of corporate shareholders and members of (non-labor) tax-exempt organizations. These organizations would be required to give annual notice to those affected of political activities anticipated in the coming year, along with an indication of that stockholder's percentage share in the corporation or that member's dues share of total revenues, and an option for expressing disagreement with planned political spending. The corporation or membership organization must under this legislation reduce its expected spending, as stated, by the pro rata share held by dissenting stockholders and dues-paying members.

Furthermore, H.R. 3485 adds additional protection against coercion by providing for the preservation of confidentiality of the identity of those who contribute \$100 or less to corporate and union PACs, as well as the confidentiality of those who have voluntarily chosen not to participate as well.

Ban unlimited soft money to national parties and candidates

A large number of witnesses before the Committee pointed to the growth of soft money activity as a major problem in federal elections. The two major parties raised some \$262 million in their non-federal accounts in the 1995–96 election cycle, up from \$86 million just four years earlier. These funds typically come from corporations, unions, and from individuals often in amounts of \$100,000 or more.

It should be noted that soft money, funds raised under the various state regulatory systems and outside the purview of the Federal Election Campaign Act, is already prohibited from use in federal elections. National parties may use some soft money for administrative and building costs, but, by and large, this money is used by state and local parties for grassroots and generic party-building activities, as well as voter registration and get-out-the-vote drives. In keeping with our view that the role of political parties in our electoral system should be strengthened, the Committee believes that soft money activity has had the positive effect of breathing new life into state and local parties and helping them to bring more citizens into the process.

The Committee's concern was not the way state and local parties have spent this money, but on the involvement of national parties and federal candidates and officials in raising it. This has created, at the very least, the appearance that soft money has been raised and channeled into states in an effort to circumvent the generally tighter restrictions and regulations of federal law.

Hence, this legislation prohibits national party committees from soliciting, receiving, or directing any funds not raised in accordance with federal election law. Furthermore, it prohibits federal candidates and officeholders from raising soft money in connection with a federal election, money from sources beyond federal limits and prohibitions in non-federal elections, or soft money for promoting a federal candidate or making communications which refer to a clearly identified federal candidate. This provision would not affect a federal office holder who is raising money for non-federal office or who attends a state party fundraiser.

The Committee was especially troubled by considerable evidence that presidential candidates who received public funds in 1996 and

prior elections engaged in substantial soft money fundraising, aimed at least indirectly at bolstering their own campaigns. In effect, this constituted a violation of their pledge to raise and spend no other money in the general election and, in the primary, to abide by the system's spending limits.

This legislation addresses this problem by requiring any candidate receiving funds from the Presidential Election Campaign Fund to certify that they will not solicit any funds to directly or indirectly benefit their election that are not subject to the Federal Election Campaign Act. It also imposes severe penalties on any publicly-funded presidential or vice presidential candidate who seeks to avoid the spending limits by raising, soliciting, transferring, or directing funds from other sources for the direct or indirect benefit of his or her campaigns.

The legislation also clarifies the existing provision in election law that prohibits funding from foreign nationals, so it applies to soft money donations to national parties (as well as to direct, federally regulated contributions to candidates).

Strengthen the role of individual citizens and political parties

To a large extent, the debate over campaign finance reform has long been driven by perceptions of undue influence of narrow special interests in the electoral process. In curbing soft money, whether by parties, unions, or corporations, the Committee addresses those issues directly. Perhaps more important, however, is to approach these concerns in the context of encouraging funding of elections by sources that are not linked or perceived to be associated with special interests. This legislation thus seeks to allow individual citizens and political parties to play a greater role in assisting candidates, directly and visibly under the disclosure rules and limits of federal law.

The need to boost the opportunities for individuals and parties in elections has long been recognized by political scientists and thoughtful observers. This support was prominently voiced in a March 1997 report by the Task Force on Campaign Finance Reform, consisting of the nation's leading scholars in this field. In their report, entitled "New Realities, New Thinking," they asserted:

We recognize that contributions from individuals are the least troubling form of private funding because they tend to be idiosyncratic, and because appointments or favors given in exchange for contributions are most easily publicized.

With regard to political parties, their view was equally emphatic:

Political parties seek to win elections by bringing together coalitions of groups and by articulating issues that will resonate with voters. Like political scientists generally, we value this activity as important consensus building in a diverse democracy. Also, using the party as a financial intermediary weakens the potentially corrupting link between contributor and office holder. Accordingly, we wish to strengthen the parties' role in campaigning.

Not only can giving by individuals and parties counterbalance the role of special interests, but they have valuable roles to play in and of themselves. Unfortunately, the opportunities for parties and citizens has actually been reduced since the current laws were enacted in the 1970s.

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

In 1979, 19 years ago, the Committee on House Administration commissioned a report by the Institute of Politics at the John F. Kennedy School of Government at Harvard University, analyzing the impact of the Federal Election Campaign Act. One of their conclusions was “the individual contribution limit ought to be raised from \$1,000 to \$3,000.” To quote from the study:

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

If that was a valid conclusion in 1979, it is far more so today: since the passage of the Federal Election Campaign Act, inflation has reduced the value of a contribution by nearly 70%. The right of an individual to contribute to a candidate of his or her choice has been reduced by 70% without any Congressional action.

This legislation takes important steps to redress a grievous oversight in current law by doubling the limit on individual contributions to federal candidates and indexing retroactively to 1974—based on the Consumer Price Index—the limits on contributions by individuals to state and local parties (to \$15,000), national parties (to \$60,000), and in aggregate contributions to all candidates, parties, and committees in a year (to \$75,000). It also retroactively indexes the limit on contributions by national, state, and local parties to \$15,000 per candidate per election.

To allow these limits on party and individual contributions to keep pace with inflation, this legislation provides for future indexing, beginning in 2001, based on additional increases in the cost of living.

An additional reason for raising limits on contributions to and from political parties can be found in the Supreme Court’s 1996 ruling in *Colorado Federal Campaign Committee et al. v. Federal Election Commission* that parties may make unlimited expenditures independently in support of their candidates. This legislation would reduce the need for parties to use the independent expendi-

ture route, thus weakening their ties to their candidates and the desired sense of accountability to the voters. Rather, it provides the means for parties to reassert their historic and positive influence on federal elections by increasing their ability to obtain resources and to use those resources to assist candidates, in a manner that is fully disclosed, subject to reasonable limits, and serves to make the political process more, not less, competitive and accountable.

Equitable rules when one candidate contributes large amounts of personal resources

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

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

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

In House general elections, under this legislation, a political party may make contributions to its nominee to match personal spending by a candidate that exceeds the individual contribution limit but does not exceed \$150,000. In general elections where a House candidate has spent more than \$150,000 in personal funds, this legislation allows all candidates to raise an equal amount with funds from individuals and parties, irrespective of the regular contribution limits (including, for individuals, on their annual aggregate contributions), and from PACs, in amounts of up to ten times their regular limit. Such modifications would be allowed for individual and PAC contributions in House primaries where one candidate has exceeded \$150,000 in personal spending, except that the annual aggregate contribution limit on individuals would remain in effect.

Provide citizens with timely information about money in elections

Voters must have accurate and timely information about who contributes or spends money to influence federal elections, and in what amounts. This legislation significantly improves reporting of election finance activity in several ways.

Electronic filing is required for all committees with over \$50,000 in financial activity in a year, while electronic reporting within 24 hours would be allowed for candidates with regard to contributions and expenditures in the last 90 days of an election, with immediate Internet posting. The deadline for reporting large last minute con-

tributions is reduced from 48 to 24 hours and is extended right up to election day. Key information must be placed on the Internet, for enhanced public access. Secondary payments to campaign vendors must be reported. Candidate contributions and expenditures must be reported on an election cycle basis, and itemized reports must include a cumulative, per-election total for each contributor.

The Committee heard testimony about a recent practice in campaigns, whereby anonymous groups phone citizens ostensibly to conduct opinion surveys on upcoming elections but which are often thinly-veiled efforts to smear certain candidates. This practice, commonly known as push-polling, undermines both the public's right to know who is involved in elections and the sense of fair play and decency Americans have a right to expect in elections. To address this problem, the legislation requires respondents to be informed of the identity of telephone pollsters and, if the results are not to be made public, requires the pollster to disclose the costs of such polls conducted in the last 90 days of an election, along with sources of funds and the text of questions.

Many witnesses before the Committee voiced concern over the advent of so-called issue advocacy spending in the 1996 elections. Because these communications did not use express advocacy language, the court-ordered requirement for triggering regulation under the Federal Election Campaign Act, they were financed outside federal law's requirements for election spending. Some who testified were concerned about the sources and amounts of such spending, but nearly all witnesses were very troubled by the absence of the kind of accountability associated with federal disclosure requirements.

Accordingly, this legislation requires disclosure of payments for communications during the final 90 days of an election which mention or contain a likeness of a clearly identified federal candidate or political party. This would apply to any group or individual, irrespective of whether they are currently required to disclose election activity under the Federal Election Campaign Act, requiring them to report in the same manner as candidates and committees conducting express advocacy efforts in federal elections.

Because of a series of judicial rulings, which have had the effect of narrowing the kind of activity which can be subjected to federal election regulation, the Committee sought a "bright line" standard by which any regulation would be triggered. Furthermore, by restricting its efforts in this area to disclosure requirements only, the Committee believes its actions are more likely to pass judicial scrutiny than would be an attempt to impose the Federal Election Campaign Act's source limits and prohibitions as well. Not only have the courts tended to look with favor on disclosure requirements, in *Buckley v. Valeo* and other cases, but the right of citizens to know who is attempting to influence them necessitates that Congress insist upon this public disclosure requirement.

Election laws that encourage people to run for office

Election laws should encourage, not discourage, persons from running for public office. Citizens and candidates should be able to obtain accurate and timely information about the law, and how to comply. Far too often election rules intended to improve citizen ac-

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

This legislation requires the FEC, by unanimous agreement, to provide written answers to written requests for information where the law is clear and unambiguous. It also guarantees that a candidate who acts in good faith based on such a written response may not be subject to any sanctions if it is later proven to have been a violation. The FEC would be required to publish these written responses, as well as an index to them.

Candidates or other political participants in the political process who are the subject of complaints and enforcement actions by the FEC find that the process often creates an impression of culpability where none has yet been found by the FEC. The legislation changes the manner in which the FEC handles complaints to ensure that a notice of the complaint does not imply guilt, and an FEC decision simply to investigate is no longer characterized as a "reason to believe" that a person has committed a violation.

Protect the integrity of elections from vote fraud and foreign influence

The right of citizens to choose their representatives in a fair and open voting process is the foundation of the democratic system of government. Of all the rights that citizenship confers, the right to vote is perhaps the most important in symbol and reality. To insure citizen confidence in the election system, the integrity of the voting process must be protected and safeguards against vote fraud are necessary.

The right to vote is properly reserved for citizens, yet there is no system in place presently whereby election officials may verify a potential voter's citizenship status. The committee's investigation into the election contest in California's 46th district was evidence that noncitizens had registered and voted, however unintentionally it may have occurred. While immigrants to the United States are and should be encouraged to become citizens, the right to vote is available only to those who have completed the citizenship process.

This legislation proposes a program for insuring that those who participate in the electoral process are qualified to vote by virtue of citizenship. Verifying citizenship is a sensitive issue and, consequently, the legislation was designed as a pilot program to be implemented on a limited basis. It proposes a system that allows election officials to check the citizenship of potential voters without sacrificing their right to privacy by using only the last four digits of the social security number. Furthermore, the information may only be used for verifying a person's eligibility to vote. The legislation explicitly prohibits using the citizen verification process for any other purpose. In instances where citizenship can not be confirmed, the election official is required to notify the voter registration applicant in writing so that erroneous information may be corrected. The program expires on September 30, 2001 and the Attorney General and Commissioner of Social Security will report on the program, including an assessment of the program's safeguards

against discriminatory practices and its suitability for implementation nationally.

Because not every jurisdiction's voter registration materials do not presently require an applicant to indicate whether or not he or she is a citizen, the problem of noncitizen registration and voting is unnecessarily complicated. The legislation proposes adding two boxes to the mail voter registration form on which an applicant must indicate whether or not he or she is a citizen.

Voter registration lists include persons who are deceased or no longer eligible and creates a potential for vote fraud. With the goal of helping election officials maintain accurate voter rolls, the legislation allows officials to purge the names of persons who have not voted in the previous two consecutive general elections and who do not respond to a notice from the election official.

In seeking to protect the integrity of the American political system, the Committee was also mindful of the myriad of concerns raised by violations in 1996 of both the spirit and letter of the law banning foreign national contributions in U.S. elections. Millions of dollars in large amounts raised by the Democratic National Committee was tainted by any of several problems: it came from foreign nationals who were legally admitted green card holders, but who no longer resided here when the funds were given; or the source of the funds could not clearly be demonstrated to have emanated from U.S. concerns; or the funds were in large amounts given in the form of soft money to the national parties, but did not necessarily constitute "contributions" under the meaning of the Federal Election Campaign Act.

This legislation addresses the problems that arose in 1996 in several ways. First, it drops the exemption from the current law's foreign national ban for permanent resident aliens. Second, it applies the ban to money given in the form of soft money to the national parties or spent on independent expenditures. Finally, it applies the law's prohibition on cash contributions of more than \$100 to apply to foreign, as well as American, currency.

SECTION BY SECTION DESCRIPTION

TITLE I. VOLUNTARY CONTRIBUTIONS

Section 101. Prohibiting involuntary use of funds of employee of corporations and other employers and members of unions and organizations for political activities

Provides that any national bank, corporation or labor organization collecting any payment of dues or fees from an employee as a condition of employment must secure from each employee a separate, prior, written, voluntary authorization for any portion of such dues or fees that will be used for the organization's political activity.

(a) Provides that such an authorization shall remain in effect until revoked by the worker and such an authorization may be revoked at any time.

(b) Requires each entity collecting from or assessing amounts from an individual, with an authorization in effect, to provide the individual with a statement that the individual may at any time revoke the authorization.

(c) Corporations and non-profit organizations are required to provide annual notification to their shareholders or members of their proposed expenditures for political activities and to permit them to object to the use of funds for these activities. These organizations are required to reduce the amount spent on political activities to take into account the number of shareholders or members who object.

(d) Defines “political activity” as any activity carried out for the purpose of influencing (in whole or in part) any election for federal office, influencing the consideration or outcome of any federal legislation or the issuance or outcome of any federal regulations, or educating individuals about candidates for election for federal office or any federal legislation, law, or regulations.

TITLE II. BANNING NON-CITIZEN CONTRIBUTIONS

Section 201. Prohibiting non-citizen individuals from making contributions in connection with federal elections

(a) Redefines foreign national to include all individuals who are not U.S. citizens.

(b) Thereby prohibits contributions or expenditures in connection with the election of candidates for political office by those persons lawfully admitted for permanent residence.

Section 202. Increase in penalty for violations of ban

(a) Provides that the penalty imposed for violations of the ban on contributions by foreign nationals be doubled.

TITLE III. IMPROVING REPORTING AND ENFORCEMENT

Section 301. Expediting reporting of information

(a) Allows candidates to file FEC reports of contributions and expenditures, that are made within 90 days of an election, within 24 hours of these activities. The FEC shall disclose this information on the Internet.

(b) Contributions made within 20 days of an election must be reported within 24 hours, instead of 48 hours.

(c) Clarifies that to meet reporting requirements, last minute Independent Expenditures reports must be filed at the FEC by the deadline, rather than the current law which only states “reported,” and does not specifically require actual receipt by the FEC.

(d) Requires all reports by all committees raising or spending more than \$50,000 to be filed electronically.

(e) Changes reporting to election cycle, rather than calendar year, basis. Thereby requiring that totals be aggregated on an election cycle basis.

Section 302. Expansion of type of information reported

(a) Requires campaign committees to report the name, and address of any person to whom an aggregate secondary payment of \$500 or more is made, as well as the date, amount and purpose of the payment. Secondary payment is any payment made by an intermediary for the benefit of the campaign.

(b) In the first report following an election, the aggregate amount of contributions and expenditures through election day must be reported.

(c) Candidate committees' reports of itemized contributions of \$200 or more must include per-election totals for each contributor.

Section 303. Promoting effective enforcement by federal election commission

(a) Clarifies that the FEC may issue written responses to written requests where the law is unambiguous:

(i) Process established for issuing response: (1) staff analyzes submitted request and if request meets "unambiguous" standard; (2) staff notifies Commission members of proposed response; (3) after 3 days, unless a commissioner objects to response, response is issued;

(ii) Applies "safe harbor protection" to a questioner who acting in good faith, relies upon the written response;

(iii) Requires Commission to make requests for responses public (omitting name of requester unless given specific permission to publish name) and to publish a complete and detailed index of written responses under this section.

(b) Changes the name of the standard of initiation of action to "a reason to investigate a possible violation * * * that has occurred or is about to occur;" from the current name of "a reason to believe * * * that a person has committee or is about to commit a violation."

(c) Requires that the Commission prescribe a standard form for a complaint that may refer to, but not include, extraneous materials; and requires that when the FEC distributes the complaint, that language in transmittal clearly states that the Commission has not "verified or given official sanction to the complaint" and provides clear direction on process for response.

Section 304. Banning acceptance of cash contributions greater than \$100

(a) Prohibits candidates from accepting cash contributions greater than \$100; current law only prohibits making such contributions.

Section 305. Protecting confidentiality of small contributions by employees of corporations and members of labor organizations

(a) Requires a corporation or labor union (including corporation or labor PACs) to solicit contributions in a manner that protects the confidentiality of individuals contributing \$100 or less, including those individuals not making any contribution.

Section 306. Disclosure and reports relating to polling by telephone or electronic device

(a) For all polls of more than 1200 persons:

(i) Requires the identity of the person paying the expenses of the poll to be disclosed;

(ii) Requires reporting contributions and expenditures for non-publicized polls taken within 90 days of an election.

TITLE IV. EXCESSIVE SPENDING BY CANDIDATES FROM PERSONAL FUNDS

Section 401. Modification of limitations on contributions when candidates spend or contribute large amounts of personal funds

(a) A candidate for federal office whose opponent spends personal funds in excess of the individual contribution limit may raise funds from individuals or a political party above the normal contribution limits as long as funds raised above the normal limits do not exceed personal funds spent by the candidate's opponent above the personal contribution limit.

Primary elections

When a candidate contributes more than \$150,000 in personal funds, then for all candidates:

(i) Individual and PAC contribution limits are lifted (individual aggregate limits still apply) up to the total amount of personal funds of the wealthy candidate's most recent report. No PAC may contribute more than 10 times the amount of the limitation otherwise applicable.

General elections

When a candidate contributes more than individual contribution limit, but not more than \$150,000 in personal funds then:

(i) Political parties may contribute to the opponent of a wealthy candidate matching dollars for all personal funds raised above the individual contribution limit. These matching contributions are not counted toward party contribution limits.

When a candidate contributes more than \$150,000 in personal funds then for all candidates:

(i) Political parties may contribute matching dollars for all personal funds raised above the individual contribution limit. These matching contributions are not counted toward party contribution limits.

(ii) Individual contribution and PAC limits are up to total amount of personal funds of the wealthy candidate's most recent report. No PAC may contribute more than 10 times the amount of the limitation otherwise applicable.

(b) If candidate contributes personal funds greater than the individual contribution limit in any election, candidate must there after report within 24 hours any subsequent personal fund contributions that aggregate \$5,000 or more. Report to include aggregate amount of personal funds expended or contributed to date for that election.

TITLE V. ELECTION INTEGRITY

Subtitle A—Voter Eligibility Verification Pilot Program

Section 501. Voter eligibility pilot confirmation program

(a) Directs the Attorney General to establish a voter eligibility confirmation pilot program to respond to, and maintain records of, State and local election officials' inquiries to verify a voter registrant's citizenship. Terminates such program on September 30, 2001.

(b) Provides for: (1) an initial confirmation or non-confirmation by the Commissioner of Social Security; and (2) in the case of an initial non-confirmation, a secondary verification process by the Attorney General.

(c) Requires such program to: (1) be voluntary; (2) provide safeguards against discrimination; and (3) be applied, at a minimum, in California, New York, Texas, Florida, and Illinois.

(d) Directs the Commissioner of Social Security and the Commissioner of the Immigration and Naturalization Service to develop methods to confirm the reliability of the information provided for this program.

(e) Prohibits Federal utilization of program information and related systems for purposes other than those authorized by this Act under the program.

(f) Sets forth provisions regarding actions by officials unable to confirm an applicant's citizenship with respect to notification, registration, and ineligible voter removal programs.

(g) Authorizes State and local use of last four digits of social security account numbers for purposes of the program.

(h) Sets reporting requirements under the program for the Attorney General and the Commissioner of Social Security.

Section 502. Authorization of appropriations

(a) Authorizes appropriations to the Department of Justice, for the Immigration and Naturalization Service of such sums as are necessary.

Subtitle B—Other Measures To Protect Election Integrity

Section 511. Requiring inclusion of citizenship check-off and information with all applications for voter registration

(a) Requires citizenship box check-off, birthplace and naturalization information on voter registration form. A state may waive this requirement.

Section 512. Improving administration of voter removal programs

(a) Authorizes a State to require a registrant to affirm his or her address if the registrant has not voted in two consecutive general Federal elections.

TITLE VI. REVISION AND INDEXING OF CERTAIN CONTRIBUTION LIMITS

Section 601. Increase in certain contribution limits

(a) Individual contribution limit to candidates set at \$2,000.

(b) Individual contribution limit to state or local political parties set at \$15,000.

(c) Individual contribution limit to national political parties set at \$60,000.

(d) Aggregate annual limit on all individual contributions set at \$75,000.

(e) Party contribution limit to candidates set at \$15,000.

Section 602. Indexing limits on certain contributions

(a) Beginning in calendar year 2001 and again in each second subsequent year, contribution limits for individuals and parties are

indexed in accordance with adjustments in the Consumer Price Index.

Section 603. Indexing amounts of penalties and fines

(a) Existing FEC penalties are increased by 300% to correct for past inflation. Beginning in calendar year 1999 and again in each second subsequent year, the maximum level of FEC penalties are indexed in accordance with adjustments in the Consumer Price Index.

TITLE VII. RESTRICTIONS ON SOFT MONEY

Section 701. Ban on soft money of national parties and candidates

(a) Amends the Federal Election Campaign Act of 1971 (FECA) to ban the receipt and expenditure of certain soft money by national political parties and Federal candidates. Prohibits transfers of non-Federal funds between national and state parties.

Section 702. Ban on disbursements of soft money by foreign nationals

(a) Foreign nationals are prohibited from making disbursements to political parties and independent expenditures.

Section 703. Enforcement of spending limits on presidential and vice presidential candidates who receive public financing

(a) Presidential and Vice Presidential candidates may not receive funds from the Presidential public funding system unless they certify that they will not solicit soft money.

Section 704. Conspiracy to violate presidential campaign spending limits

(a) Presidential candidate and/or his/her agent will be fined \$1 million if they seek to avoid the spending limits by soliciting, receiving, transferring or directing funds from any other source than the Presidential public funding system.

TITLE VIII. DISCLOSURE OF CERTAIN COMMUNICATIONS

Section 801. Disclosure of certain communications

(a) Discloses according to FEC rules all contributions and expenditures for communications that clearly identify a federal candidate or political party within 90 days of an election.

TITLE IX. EFFECTIVE DATE

Section 901. Effective date

(a) Applies to elections occurring after January 1999.

COMMITTEE ACTION

On March 18, 1998 by rollcall vote (5–3), a quorum being present, the Committee agreed to a motion to report the bill favorably to the House, as amended. Voting Yes: Mr. Thomas; Mr. Ney; Mr. Boehner; Mr. Ehlers; Ms. Granger; and Mr. Mica. Voting No: Mr. Gejdenson; Mr. Hoyer; and Ms. Kilpatrick.

ROLLCALL VOTES

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

H.R. 3485, ROLLCALL NO. 1

Amendment offered by Ms. Kilpatrick. Subject: To strike Title I.

Member	Yes	No	Present
Mr. Thomas		X	.....
Mr. Ney		X	.....
Mr. Ehlers .....			.....
Mr. Boehner		X	.....
Ms. Granger		X	.....
Mr. Mica		X	.....
Mr. Gejdenson	X		.....
Mr. Hoyer	X		.....
Ms. Kilpatrick	X		.....
Total	3	5	.....

H.R. 3485, ROLLCALL NO. 2

Amendment offered by Mr. Hoyer. Subject: To strike Title V.

Member	Yes	No	Present
Mr. Thomas		X	.....
Mr. Ney		X	.....
Mr. Ehlers .....			.....
Mr. Boehner		X	.....
Ms. Granger		X	.....
Mr. Mica		X	.....
Mr. Gejdenson	X		.....
Mr. Hoyer	X		.....
Ms. Kilpatrick	X		.....
Total	3	5	.....

H.R. 3485, ROLLCALL NO. 3

Amendment offered by Mr. Gejdenson. Subject: To strike Title VI.

Member	Yes	No	Present
Mr. Thomas		X	.....
Mr. Ney		X	.....
Mr. Ehlers		X	.....
Mr. Boehner		X	.....
Ms. Granger		X	.....
Mr. Mica		X	.....
Mr. Gejdenson	X		.....
Mr. Hoyer	X		.....
Ms. Kilpatrick	X		.....
Total	3	6	.....

H.R. 3485, ROLLCALL NO. 4

Amendment offered by Mr. Gejdenson. Subject: Substitute the \$100 contribution bill.

Member	Yes	No	Present
Mr. Thomas		X	
Mr. Ney		X	
Mr. Ehlers		X	
Mr. Boehner		X	
Ms. Granger			
Mr. Mica		X	
Mr. Gejdenson	X		
Mr. Hoyer	X		
Ms. Kilpatrick			X
Total	2	5	1

H.R. 3485, ROLLCALL NO. 5

Amendment offered by Mr. Gejdenson. Subject: Substitute McCain-Feingold II.

Member	Yes	No	Present
Mr. Thomas		X	
Mr. Ney		X	
Mr. Ehlers		X	
Mr. Boehner		X	
Ms. Granger			
Mr. Mica		X	
Mr. Gejdenson	X		
Mr. Hoyer	X		
Ms. Kilpatrick	X		
Total	3	5	

H.R. 3485, ROLLCALL NO. 6

Motion to report H.R. 3485 as amended to the House of Representatives.

Member	Yes	No	Present
Mr. Thomas	X		
Mr. Ney	X		
Mr. Ehlers	X		
Mr. Boehner	X		
Ms. Granger			
Mr. Mica	X		
Mr. Gejdenson		X	
Mr. Hoyer		X	
Ms. Kilpatrick		X	
Total	5	3	

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee states that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Rep-

representatives, are incorporated in the descriptive portions of this report.

OVERSIGHT FINDINGS OF COMMITTEE ON GOVERNMENT REFORM AND
OVERSIGHT

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

CONSTITUTIONAL AUTHORITY

Article 1, Section 4 gives Congress the authority to make laws governing the time, place and manner of holding Federal elections.

FEDERAL MANDATES

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

STATEMENT ON BUDGET AUTHORITY AND RELATED ITEMS

The bill provides for a voter eligibility pilot confirmation program with a budget authority of such sums as are necessary.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 23, 1998.

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

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate and private-sector mandates statement for H.R. 3485, the Campaign Reform and Election Integrity Act of 1998.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts for the cost estimate are John R. Righter (for federal costs of the Federal Election Commission), Kathy Ruffing (for federal costs of the Social Security Administration and the Immigration and Naturalization Services), and Marc Nicole (for the state and local impact). The staff contacts for the statement on private-sector mandates are Matt Eyles and Kathryn Rarick.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosures.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 3485—Campaign Reform and Election Integrity Act of 1998

Summary: H.R. 3485 would make numerous amendments to the Federal Election Campaign Act of 1971. In particular, the bill would:

- (1) require that national banks, corporations, and labor organizations obtain written authorization from employees prior to using a portion of any dues or fees to influence political activities at the federal level,
- (2) ban political contributions by noncitizens,
- (3) expedite and expand the reporting of information to the Federal Election Commission (FEC),
- (4) require the electronic filing of information for campaigns that spend or raise more than \$50,000,
- (5) allow state and local election officials in certain “pilot” states to request that the Social Security Administration (SSA) and Immigration and Naturalization Service (INS) verify voter eligibility,
- (6) raise individual contribution limits to candidates and political parties,
- (7) index the amount of penalties and fines to the rate of inflation, and
- (8) restrict the use of so-called “soft” money by political parties and federal candidates.

The bill’s amendments would apply to elections occurring after January 1999.

Assuming appropriation of the necessary funds, CBO estimates that implementing H.R. 3485 initially would increase costs at the FEC by between \$1 million and \$2 million in fiscal year 1999 to write and implement regulations and to write, print, and mail brochures and other informational materials. In later years, the bill would increase costs at the FEC to address compliance issues, but we have no basis for determining the amount of such annual increases.

In addition to increasing costs at the FEC, the bill also would increase costs at SSA and the INS to respond to inquiries from state and local election officials from the five or more states selected to participate in a pilot project to verify voter eligibility. Such costs, however, are highly uncertain, both because neither SSA nor the INS has the information that would be necessary to confirm the citizenship status of the vast majority of the voting-age population and because it is uncertain whether states would actively use the system given such data limitations. Further, the bill would prohibit either agency from creating new data bases for the project.

If, however, SSA or INS interpreted the language as allowing it to modify an existing data base by creating a new field for citizenship status, CBO estimates that the agency would incur costs of several hundred million dollars or more, subject to appropriation of the necessary funds, to contact cardholders, process forms, secure information, and verify citizenship under a more extensive verification process for the five states mandated by the bill New York, California, Texas, Florida, and Illinois.

Because H.R. 3485 would increase the amount of penalties and fines for violating campaign finance laws, pay-as-you-go procedures would apply. CBO, however, estimates that additional payments to the federal government from penalties and fines, which would constitute an increase in governmental receipts, would not be significant.

H.R. 3485 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would require states to notify the Federal Election Commission by January 1, 2000, if they decide not to include a citizenship check-off on voter registration applications. CBO estimates that the cost of this mandate on states would be negligible.

Estimated cost to the Federal Government: Implementing H.R. 3485 would entail certain start-up costs at the FEC. Assuming appropriation of the necessary funds, CBO estimates that the FEC would incur costs of between \$1 million and \$2 million in fiscal year 1999 to write and implement regulations and to write, print, and mail brochures and other information materials.

CBO estimates that requiring the FEC to process and post on its web site transactions filed by candidates within 90 days of an election would increase costs in election years by less than \$500,000, beginning with the 2000 elections. Currently, the FEC posts receipts and expenditures of larger contributions on a periodic basis only.

Requiring that political committees electronically file all reports detailing the raising or spending of more than \$50,000 and changing the reporting cycle from a calendar-year to an election-year basis would decrease costs at the FEC. CBO estimates that the amount of such reductions in annual costs would total less than \$500,000.

In addition to increasing costs at the FEC, the bill also would increase discretionary costs at SSA and the INS to respond to inquiries from state and local election officials from the five or more states selected to participate in a pilot project to verify voter eligibility. Such costs, however, are highly uncertain, because neither SSA nor the INS has the information that would be necessary to definitively confirm the citizenship status for the vast majority of the voting-age population. SSA issues Social Security numbers (SSNs) to native-born citizens, naturalized citizens, and aliens legally admitted for permanent residence; the citizenship information in SSA's files may not be up-to-date or—if the SSN was issued before 1981 may not be based on documentary evidence. The INS has information about naturalized citizens but not about native-born citizens; even those data contain gaps, are not entirely automated, and rely on the alien registration number rather than the SSN. Thus, neither agency could definitively confirm citizenship using existing data.

Because the limitations of these data would soon become apparent to state and local officials, the number of inquiries is likely to be small, as would the cost of responding to them. Although the bill would prohibit either agency from creating new data bases for the project, SSA or INS could interpret the language as allowing modification of an existing data base by creating a new field for citizenship status. In that case, CBO estimates that the agency would

incur costs of several hundred million dollars or more to contact cardholders, process forms, secure information, and verify citizenship under a more extensive verification process. Any such costs would be subject to appropriation of the necessary amounts.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act of 1985 specifies procedures for legislation affecting direct spending and receipts. Pay-as-you-go procedures would apply to H.R. 3485 because it would increase the amount of penalties and fines for violating campaign finance laws, which would constitute an increase in governmental receipts. Specifically, the bill would: (1) double the amount of the penalty imposed for violating the ban on soliciting or accepting contributions by noncitizens, (2) generally index the amount of penalties and fines for campaign finance violations to the rate of inflation, and (3) impose a new fine of \$1 million for presidential candidates who conspire to violate presidential campaign spending limits.

According to the FEC, it negotiates the amount of any fines and penalties paid to the federal government for violations of campaign finance laws and has the option of seeking a penalty that is equal to the amount of the contribution or expenditure involved in a violation, in lieu of fixed, often smaller, dollar values. Thus, indexing the amount of fines and penalties for inflation is unlikely to have a significant impact on amounts negotiated by the FEC. Additionally, penalties and fines typically are settled and paid several years after an offense is committed. Consequently, CBO estimates that H.R. 3485 would not significantly increase payments to the federal government from penalties and fines, particularly in fiscal years 1999 through 2003.

Estimated impact on State, local, and tribal governments: H.R. 3485 contains an intergovernmental mandate as defined in UMRA. Subtitle B of Title V would require states to notify the Federal Election Commission by January 1, 2000, if they decide not to include a citizenship check-off on voter registration applications. This requirement would apply to all states that do not currently have a citizenship check-off. CBO estimates that the cost of making such a notification would be negligible.

States that choose to include a citizen check-off would incur some costs to replace their existing stock of voter registration applications. Total costs would depend on how many states would opt out of implementing this new requirement. CBO estimates that these costs would not be significant because many states, including some of the larger ones, either already comply or would choose to opt out.

The bill contains other provisions that would affect state, local, and tribal governments. Subtitle A of Title V would establish a voter eligibility verification pilot program that would allow states to request information on the citizenship of individuals who have submitted voter registration applications. Title V would also allow states to adopt new procedures to improve the administrator of voter removal programs. These provisions would not impose significant costs on state, local, or tribal governments.

Estimate prepared by: Federal costs: John R. Righter and Kathy Ruffing; Impact on State, local, and tribal governments: Marc Nicole.

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

CONGRESSIONAL BUDGET OFFICE PRIVATE-SECTOR MANDATES
STATEMENT

H.R. 3485—Campaign Reform and Election Integrity Act of 1998

Summary: H.R. 3485 would make changes to federal campaign finance laws that govern activities in elections for federal office. The bill would amend the Federal Election Campaign Act (FECA) of 1971 by revising current law restrictions on contributions and expenditures in federal elections. Provisions in the bill would both tighten and relax the requirements governing election-related contributions and expenditures. In addition, H.R. 3485 would impose new requirements to report certain activities in federal elections to the Federal Elections Commission (FEC).

By amending the requirements in FECA, H.R. 3485 would impose enforceable duties on various groups in the private sector. Consequently, the bill would impose new private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA). New mandates would be imposed on many entities, including: labor organizations, corporations, tax-exempt organizations, candidates for federal office, national political parties, U.S. citizens who contribute to political campaigns for federal office, noncitizens who legally reside in the U.S., pollsters, political committees, and other entities. However, because certain restrictions in FECA would simultaneously be loosened, H.R. 3485 would also reduce existing federal mandates.

CBO estimates that the net direct costs to the private sector of complying with new mandates would exceed the annual statutory threshold in UMRA (\$100 million, adjusted annually for inflation) in 1999 as a result of new mandates on labor unions, corporations, and tax-exempt organizations. CBO estimates that the net direct costs to the private sector in future years would not likely exceed the statutory threshold and might even be zero. Estimates of small costs after 1999 reflect the diminishing cost of mandates on labor organizations, corporations, and tax-exempt organizations. In addition, CBO's estimate reflects the net effect of mandates imposed on the national political parties and candidates that would restrict contributions and the offset to mandate costs associated with raising the individual limits on political contributions. However, because changes to laws governing federal elections often have unforeseeable consequences, estimates of the cost of federal private-sector mandates contained in H.R. 3485 are uncertain.

Private-sector mandates contained in the bill: Title I of the bill would impose new private-sector mandates on labor organizations, corporations, national banks, and tax-exempt organizations related to their use of funds for political activities. One mandate would require labor organizations to obtain written authorizations from both members and nonmembers before they could collect any portion of dues or fees to use for political activities. A similar mandate would apply to corporations and national banks that assess mandatory dues or fees on their stockholders or that require dues or fees from their employees as a condition of employment. Those organi-

zations would be required to obtain written authorizations from their stockholders or employees before collecting any portion of dues or fees for political activities.

Title I would also impose mandates on corporations and tax-exempt organizations that spend money on political activities. Those organizations would be required to send annual notices to stockholders or members that inform them of the total amount they intend to spend on political activities in the upcoming 12 months. The notice would be required to include the shareholder's or member's applicable percentage and applicable pro rata amount of the proposed political spending. Along with the notice, corporations and tax-exempt organizations would be required to send a form that stockholders or members could complete and return to the organization to object the use of their pro rata share of the proposed political spending. The maximum amount that the organizations could spend on political activities would be their proposed spending less the pro rata share of objecting stockholders or members.

Title II would prohibit noncitizen permanent residents from contributing to political campaigns of candidates for federal office and would prohibit persons from soliciting, accepting, or receiving political contributions from foreign nationals. Under current law, individuals who are noncitizens but have been lawfully admitted to the U.S. under the immigration laws are permitted to make political contributions, and other persons are authorized to accept such contributions. Consequently, by expanding the definition in FECA of "foreign national" to include any individual who is not a U.S. citizen, Section 201 would impose new private-sector mandates on certain categories of individuals.

Title III of H.R. 3485 would impose new private-sector mandates in several areas. Those areas include: additional requirements to report information to the FEC about political contributions and expenditures by individuals and political committees; restrictions on candidates in federal elections from accepting cash contributions greater than \$100; new requirements on labor unions and corporations who solicit political contributions to ensure the anonymity of individuals who do not make contributions or who make contributions of less than \$100; and new disclosure requirements on persons who conduct federal election polls by telephone or other electronic means.

Additional reporting requirements and restrictions on contributions or expenditures create new enforceable duties and, therefore, would impose private-sector mandates. Moreover, candidates for federal office and their organizations, political parties, and political committees are included as part of the private-sector for purposes of UMRA. Therefore, imposing new enforceable duties on those persons or groups meets the definition of a private-sector mandate in UMRA.

Title IV and Title VI would generally reduce existing mandates contained in federal campaign finance law. Title IV, for example, would lift some restrictions on contributions by individuals and political parties to candidates for federal office whose opponent spends personal funds in excess of \$150,000. Title VI would reduce existing mandates by allowing higher contributions by individuals. Under Section 601, the individual limit on contributions to can-

didates would double to \$2,000; the limit on individual contributions to national political parties would treble to \$60,000; and the aggregate limit on all contributions would increase from \$25,000 to \$75,000 per year. Further, Section 602 would provide for indexing of the aforementioned limitations on annual contributions based on adjustments to the Consumer Price Index. Title IV, however, would impose a new mandate on the principal campaign committees of House candidates by requiring those committees to submit reports to the FEC when expenditures or contributions of a candidate's personal funds exceeded \$150,000.

Title VII would prohibit the use of so-called "soft money" by national political parties and candidates. That prohibition would constitute a new enforceable duty and therefore meets the UMRA definition of a private-sector mandate. In general, soft money is considered funds outside the explicit restrictions, limitations, or reporting requirements in FECA but is used to influence federal elections. Furthermore, Section 702 would amend FECA to prohibit foreign nationals (as redefined by Section 201 of the bill) from disbursing funds or other things of value and other persons from soliciting, accepting, or receiving disbursements from foreign nationals. Because H.R. 3485 would create a more expansive definition of foreign national than exists under current law and soft-money disbursements by foreign nationals would be prohibited, Section 702 would impose a new private-sector mandate.

Finally, Title VIII would impose new reporting requirements on individuals (or organizations) who make payments totaling over \$250 for certain communications. New requirements would apply to communications made within 90 days of a federal election and that mention a clearly identified candidate, the political party of a candidate, or contain the likeness of a candidate for office.

Estimated direct cost to the private sector: CBO estimates that the direct costs of new private-sector mandates contained in H.R. 3485 would exceed the statutory threshold in 1999, the first year that the mandates would be effective. After 1999, however, direct costs would likely be small and not exceed the statutory threshold in UMRA. In future years, the costs associated with mandates on labor organizations, corporations, and tax-exempt organizations would diminish, and the direct cost of banning soft money and other political contributions would be offset by savings associated with raising the limits on individual contributions to political campaigns.

In 1999, labor organizations, corporations, and tax-exempt organizations would bear most of the costs associated with new mandates in the bill. CBO estimated that the total cost to those entities of complying with requirements in H.R. 3485 would exceed the \$100 million statutory threshold. Direct costs would also be imposed on national political parties and candidates for federal office by the prohibition against the use of soft money. To a large extent, however, the costs to national parties and candidates of banning soft money would be offset by provisions that raise the limits on individuals contributions. Raising the individual limits, which would enable national parties and candidates to accept larger contributions, would neutralize the costs of the ban on soft money. Consequently, those net direct costs would be zero.

Other mandate costs would stem from provisions in the bill that require reports by different organizations and individuals to the Federal Elections Commission. The direct costs associated with additional reporting requirements would not be significant or over the statutory threshold in UMRA. In general, most entities involved in federal elections must submit reports to the FEC under current law. New requirements in H.R. 3485, however, would impose some costs on pollsters and individuals who pay for certain communications associated directly and indirectly with federal elections. Lastly, new mandates that restrict the ability of individuals to contribute to or make expenditures on behalf of political campaigns would impose no net direct costs.

Labor Organizations, Corporations, National Banks, and Tax-Exempt Organizations. CBO estimates that the cost of private-sector mandates in Title I affecting labor organizations, corporations, national banks, and tax-exempt organizations would exceed the \$100 million threshold specified in UMRA only in the first year that mandates were effective. The total cost of the mandate on labor organizations in the first year would be significant, even though the cost per worker of obtaining written authorizations would be low. The Bureau of Labor Statistics reported that, in 1997, there were 16.1 million union members. If the average cost to the union of obtaining authorizations (including the zero cost for workers whose labor organizations do not use dues or fees for political spending) was \$4 per worker, then the total cost of complying with the mandate for labor organizations would be about \$64 million in 1999.

Regarding the similar mandate imposed on corporations and national banks, CBO does not have reliable information on the extent to which those organizations require mandatory dues or fees from their stockholders or employees. However, the costs to those organizations of obtaining authorizations would likely be small. In future years, the aggregate cost of authorization-related mandates on unions, corporations, and national banks would be modest because H.R. 3485 would require mandated entities to obtain authorizations only one time for each shareholder or worker.

The cost to corporations and tax-exempt organizations of notifying their stockholders and members of their proposed spending on political activities would also be significant in the first year. According to the Securities and Exchange Commission, there are currently about 13,000 publicly-traded corporations. Assuming that each corporation would spend an average of \$4,000 on legal expenses and other administrative costs of compliance, the direct cost of the mandate would be \$52 million.

The first-year cost of the mandate on tax-exempt organizations is more uncertain. A report from the Internal Revenue Service indicates that there are about 1.1 million tax-exempt organizations. Excluding organizations that may receive tax-deductible contributions and are therefore prohibited from engaging in political activities, approximately 500,000 organizations could potentially be affected by H.R. 3485. If only 10 percent of those organizations incur costs of even \$500 in the first year, then the total cost of the mandate would be about \$25 million.

After the first year, the cost to corporations and tax-exempt organizations of complying with the mandate would be small. Once

those entities have developed the required notices and set up systems to comply with the mandate, additional costs in later years would mainly be the cost of including the notices and forms with regular mailings to shareholders and members.

National Political Parties and Candidates. New mandates in H.R. 3485 would impose costs on national political parties and candidates by prohibiting the use of soft money. However, because the bill would relax other restrictions on contributions to national parties and candidates by individuals, the direct costs of that prohibition would be offset and net to zero.

The FEC reported that the national political parties raised about \$75 million in soft money in 1997. Such contributions would be prohibited under H.R. 3465, and the direct cost of that mandate would equal the foregone amount of soft money contributions. As the 2000 election cycle approaches, the direct cost of the prohibition would likely increase. Historically, soft money contributions increase significantly in presidential election years. During the 1996 election cycle, for example, soft money contributions for national political parties totaled approximately \$260 million, which represented a threefold increase in soft money contributions over the 1992 election cycle. Consequently, soft money contributions during the 2000 election cycle could be expected to meet or exceed 1996 levels.

Offsetting the soft money prohibition, however, H.R. 3485 would also increase the annual limit on political contributions by individuals to candidates and political parties and the annual limit on total contributions. Those limits, which have been unchanged for almost 25 years, would increase from \$2,000 to \$6,000 for individual contributions to candidates and from \$20,000 to \$60,000 for individual contributions to national political parties. The overall annual limit on contributions would also be increased from \$25,000 to \$75,000. According to the FEC, individuals are the primary source of campaign receipts for candidates and political parties. Given that candidates for federal office (including presidential candidates) during the 1996 election cycle garnered over \$1 billion in receipts, increasing the limits on contributions to political campaigns would likely have a significant impact on the behavior of donors and could raise significantly the aggregate amount of campaign contributions.

Expanding the ability of candidates and their authorized political committees to accept larger contributions would likely be more than sufficient to offset increased costs incurred by candidates and other private-sector entities in complying with new federal mandates. Thus, CBO estimates that the direct costs of new private-sector mandates imposed on national parties and candidates for federal office would fall below the statutory threshold and probably net to zero.

Estimate prepared by: Matt Eyles and Kathryn Rarick.

Estimate approved by: Arlene Holen, Assistant Director for Special Studies, and Joe Antos, Assistant Director for Health and Human Resources.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as re-

ported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

FEDERAL ELECTION CAMPAIGN ACT OF 1971

* * * * *

TITLE III—DISCLOSURE OF FEDERAL CAMPAIGN FUNDS

DEFINITIONS

SEC. 301. When used in this Act:

(1) * * *

* * * * *

[(19) The term “Act” means the Federal Election Campaign Act of 1971 as amended.]

(19) The term “Internet” means the international computer network of both Federal and non-Federal interoperable packet-switched data networks.

ORGANIZATION OF POLITICAL COMMITTEES

SEC. 302. (a) * * *

* * * * *

(e)(1) * * *

* * * * *

(3)(A) * * *

(B) As used in this section, the term “support” does not include a contribution by any authorized committee in amounts of \$1,000 or less to an authorized committee of any other candidate. *The amount described in the previous sentence shall be adjusted (for years beginning with 1999) in the same manner as the amounts of limitations on contributions under section 315(a) are adjusted under section 315(c)(3).*

* * * * *

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

* * * * *

REPORTS

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

* * * * *

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

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

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

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

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

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

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

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

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

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

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

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

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

* * * * *

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

appropriate electronic format or method, as determined by the Commission[.], *except that in the case of a report submitted by a person who reports an aggregate amount of contributions or expenditures (as the case may be) in all reports filed with respect to the election involved (taking into account the period covered by the report) in an amount equal to or greater than \$50,000, the Commission shall require the report to be filed and preserved by such means, format, or method. The Commission shall certify (on an ongoing basis) private sector computer software which may be used for filing reports by such means, format, or method.*

* * * * *

(12)(A) *Notwithstanding any other provision of this Act, any authorized political committee of a candidate may notify the Commission that, with respect to each contribution received or expenditure made by the committee during the period which begins on the 90th day before an election and ends at the time the polls close for such election, the candidate elects to file any information required to be filed with the Commission under this section with respect to such contribution or expenditure within 24 hours after the receipt of the contribution or the making of the expenditure.*

(B) *The Commission shall make the information filed under this paragraph available on the Internet immediately upon receipt.*

(b) Each report under this section shall disclose—

(1) * * *

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

(A) * * *

* * * * *

(3) the identification of each—

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

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

* * * * *

(F) person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of \$200 within the calendar year (or election cycle, in the case of an authorized

committee of a candidate for Federal office), together with the date and amount of such receipt; and

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

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

(A) * * *

* * * * *

(5) the name and address of each—

(A) person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditure[;], and, if such person in turn makes expenditures which aggregate \$500 or more in an election cycle to other persons (not including employees) who provide goods or services to the candidate or the candidate's authorized committees, the name and address of such other persons, together with the date, amount, and purpose of such expenditures;

* * * * *

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

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

(i) * * *

* * * * *

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

any candidate or any authorized committee or agent of such committee;

* * * * *

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

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

* * * * *

(c)(1) * * *

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

(A) * * *

* * * * *

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

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

(d)(1) In addition to any other information required to be reported under this Act, any person who makes payments described in paragraph (2) in an aggregate amount or value in excess of \$250 during a calendar year shall report such payments and the source of the funds used to make such payments to the Commission in the same manner and under the same terms and conditions as a political committee reporting expenditures and contributions to the Commission under this section, except that if such person makes such payments in an aggregate amount or value of \$1,000 or more after the 20th day, but more than 24 hours, before any election, such person

shall report such information within 24 hours after such payments are made.

(2) A payment described in this paragraph is a payment for any communication which is made during the 90-day period ending on the date of an election and which mentions a clearly identified candidate for election for Federal office or the political party of such a candidate, or which contains the likeness of such a candidate, other than a payment which would be described in clause (i), (iii), or (v) of section 301(9)(B) if the payment were an expenditure under such section.

* * * * *

POWERS OF THE COMMISSION

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

(1) * * *

* * * * *

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

* * * * *

OTHER WRITTEN RESPONSES TO QUESTIONS

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

(b) PROCEDURE FOR RESPONSE.—

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

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

(c) EFFECT OF RESPONSE.—

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

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

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

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

ENFORCEMENT

SEC. 309. (a)(1)(A) Any person who believes a violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1954 has occurred, may file a complaint with the Commission. Such complaint shall be in writing, signed and sworn to by the person filing such complaint, shall be notarized, *shall be in a standard form prescribed by the Commission, shall not include (but may refer to) extraneous materials*, and shall be made under penalty of perjury and subject to the provisions of section 1001 of title 18, United States Code. Within 5 days after receipt of a complaint, the Commission shall notify, in writing, any person alleged in the complaint to have committed such a violation. Before the Commission conducts any vote on the complaint, other than a vote to dismiss, any person so notified shall have the opportunity to demonstrate, in writing, to the Commission within 15 days after notification that no action should be taken against such person on the basis of the complaint. The Commission may not conduct any investigation or take any other action under this section solely on the basis of a complaint of a person whose identity is not disclosed to the Commission.

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

(2) If the Commission, upon receiving a complaint under paragraph (1) or on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, determines, by an affirmative vote of 4 of its members, that [it has reason to

believe that a person has committed, or is about to commit, a violation of this Act of chapter 95 or chapter 96 of the Internal Revenue Code of 1954, *it has a reason to investigate a possible violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1986 that has occurred or is about to occur (based on the same criteria applicable under this paragraph prior to the enactment of the Campaign Reform and Election Integrity Act of 1998)*, the Commission shall, through its chairman or vice chairman, notify the person of the alleged violation. Such notification shall set forth the factual basis for such alleged violation. The Commission shall make an investigation of such alleged violation, which may include a field investigation or audit, in accordance with the provisions of this section.

* * * * *

(5)(A) If the Commission believes that a violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1954 has been committed, a conciliation agreement entered into by the Commission under paragraph (4)(A) may include a requirement that the person involved in such conciliation agreement shall pay a civil penalty which does not exceed the greater of **[\$5,000]** *\$15,000* or an amount equal to any contribution or expenditure involved in such violation.

(B) If the Commission believes that a knowing and willful violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1954 has been committed, a conciliation agreement entered into by the Commission under paragraph (4)(A) may require that the person involved in such conciliation agreement shall pay a civil penalty which does not exceed the greater of **[\$10,000]** *\$30,000* or an amount equal to 200 percent of any contribution or expenditure involved in such violation.

* * * * *

(6)(A) If the Commission is unable to correct or prevent any violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1954, by the methods specified in paragraph (4)(A), the Commission may, upon an affirmative vote of 4 of its members, institute a civil action for relief, including a permanent or temporary injunction, restraining order, or any other appropriate order (including an order for a civil penalty which does not exceed the greater of **[\$5,000]** *\$15,000* or an amount equal to any contribution or expenditure involved in such violation) in the district court of the United States for the district in which the person against whom such action is brought is found, resides, or transacts business.

(B) In any civil action instituted by the Commission under subparagraph (A), the court may grant a permanent or temporary injunction, restraining order, or other order, including a civil penalty which does not exceed the greater of **[\$5,000]** *\$15,000* or an amount equal to any contribution or expenditure involved in such violation, upon a proper showing that the person involved has committed, or is about to commit (if the relief sought is a permanent or temporary injunction or a restraining order), a violation of this Act or chapter 95 or chapter 96 of the Internal Revenue Code of 1954.

(C) In any civil action for relief instituted by the Commission under subparagraph (A), if the court determines that the Commission has established that the person involved in such civil action has committed a knowing and willful violation of this Act or of chapter 95 or chapter 96 of the Internal Revenue Code of 1954, the court may impose a civil penalty which does not exceed the greater of ~~【\$10,000】~~ \$30,000 or an amount equal to 200 percent of any contribution or expenditure involved in such violation.

* * * * *

(12)(A) Any notification or investigation made under this section shall not be made public by the Commission or by any person without the written consent of the person receiving such notification or the person with respect to whom such investigation is made.

(B) Any member or employee of the Commission, or any other person, who violates the provisions of subparagraph (A) shall be fined not more than ~~【\$2,000】~~ \$6,000. Any such member, employee, or other person who knowingly and willfully violates the provisions of subparagraph (A) shall be fined not more than ~~【\$5,000】~~ \$15,000.

(13) *Each amount referred to in this subsection shall be adjusted (for years beginning with 2001) in the same manner as the amounts of limitations on contributions under section 315(a) are adjusted under section 315(c)(3).*

* * * * *

(d)(1)(A) Any person who knowingly and willfully commits a violation of any provision of this Act which involves the making, receiving, or reporting of any contribution or expenditure aggregating \$2,000 or more during a calendar year shall be fined, or imprisoned for not more than one year, or both. The amount of this fine shall not exceed the greater of ~~【\$25,000】~~ \$75,000 *(adjusted for years beginning with 2001 in the same manner as the amounts of limitations on contributions under section 315(a) are adjusted under section 315(c)(3))* or 300 percent of any contribution or expenditure involved in such violation.

LIMITATIONS ON CONTRIBUTIONS AND EXPENDITURES

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

(A) to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed ~~【\$1,000】~~ \$2,000;

(B) to the political committees established and maintained by a national political party, which are not the authorized political committees of any candidate, in any calendar year which, in the aggregate, exceed ~~【\$20,000; or】~~ \$60,000;

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

(D) in the case of contributions made to a candidate and any authorized committee of the candidate by a political committee of a national, State, or local political party which is not the authorized political committee of any candidate, in any calendar year which, in the aggregate, exceed \$15,000; or

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

* * * * *

(3) No individual shall make contributions aggregating more than [\$25,000] \$75,000 in any calendar year. For purposes of this paragraph, any contribution made to a candidate in a year other than the calendar year in which the election is held with respect to which such contribution is made, is considered to be made during the calendar year in which such election is held.

* * * * *

(c)(1) * * *

* * * * *

(3)(A) The amount of each limitation established under subsection (a) (other than any limitation under paragraph (1)(E) or (2)) shall be adjusted as follows:

(i) For calendar year 2001, each such amount shall be equal to the amount described in such subsection, increased (in a compounded manner) by the percentage increase in the price index (as defined in paragraph (2)) for 1999 and 2000.

(ii) For calendar year 2003 and each second subsequent year, each such amount shall be equal to the amount for the second previous year (as adjusted under this subparagraph), increased (in a compounded manner) by the percentage increase in the price index for the previous year and the second previous year.

(B) In the case of any amount adjusted under this subparagraph which is not a multiple of \$100, the amount shall be rounded to the nearest multiple of \$100.

* * * * *

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

(j)(1) Notwithstanding subsection (a), if in a general election a House candidate makes expenditures of personal funds (including contributions by the candidate to the candidate's authorized campaign committee) in an amount in excess of the amount of the limitation established under subsection (a)(1)(A) and less than or equal to \$150,000 (as reported under section 304(a)(2)(A)), a political party committee may make contributions to an opponent of the House candidate without regard to any limitation otherwise applicable to such contributions under subsection (a), except that no opponent may accept aggregate contributions under this paragraph in an amount greater than the greatest amount of personal funds expended (including contributions to the candidate's authorized campaign committee) by any House candidate (other than such opponent) with respect to the election, less any personal funds expended by such opponent (as reported in a notification submitted under section 304(a)(6)(B)).

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

(A) *In the case of a general election, the limitations under subsections (a)(1), (a)(2), and (a)(3) (insofar as such limitations apply to political party committees and to individuals, and to other political committees to the extent that the amount contributed does not exceed 10 times the amount of the limitation otherwise applicable under such subsection) shall not apply to contributions to any opponent of the candidate, except that no opponent may accept aggregate contributions under this subparagraph and paragraph (1) in an amount greater than the greatest amount of personal funds (including contributions to the candidate's authorized campaign committee) expended by any House candidate with respect to the election, less any personal funds expended by such opponent (as reported in a notification submitted under section 304(a)(6)(B)).*

(B) *In the case of an election other than a general election, the limitations under subsections (a)(1) and (a)(2) (insofar as such limitations apply to individuals and to political committees other than political party committees to the extent that the amount contributed does not exceed 10 times the amount of the limitation otherwise applicable under such subsection) shall not apply to contributions to any opponent of the candidate, except that no opponent may accept aggregate contributions under this subparagraph in an amount greater than the greatest amount of personal funds (including contributions to the candidate's authorized campaign committee) expended by any House candidate with respect to the election, less any personal funds expended by such opponent (as reported in a notification submitted under section 304(a)(6)(B)).*

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

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

SEC. 316. (a) * * *

(b)(1) * * *

* * * * *

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

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

(c)(1)(A) *Except with the separate, prior, written, voluntary authorization of the individual involved, it shall be unlawful—*

(i) *for any national bank or corporation described in this section to collect from or assess a stockholder or employee any portion of any dues, initiation fee, or other payment made as a condition of employment which will be used for political activity in which the national bank or corporation is engaged; and*

(ii) for any labor organization described in this section to collect from or assess a member or nonmember any portion of any dues, initiation fee, or other payment which will be used for political activity in which the labor organization is engaged.

(B) An authorization described in subparagraph (A) shall remain in effect until revoked and may be revoked at any time. Each entity collecting from or assessing amounts from an individual with an authorization in effect under such subparagraph shall provide the individual with a statement that the individual may at any time revoke the authorization.

(2)(A) Prior to the beginning of any 12-month period (as determined by the corporation), each corporation described in this section shall provide each of its shareholders with a notice containing the following:

(i) The proposed aggregate amount for disbursements for political activities by the corporation for the period.

(ii) The individual's applicable percentage and applicable pro rata amount for the period.

(iii) A form that the individual may complete and return to the corporation to indicate the individual's objection to the disbursement of amounts for political activities during the period.

(B) It shall be unlawful for a corporation to which subparagraph (A) applies to make disbursements for political activities during the 12-month period described in such subparagraph in an amount greater than—

(i) the proposed aggregate amount for such disbursements for the period, as specified in the notice provided under subparagraph (A); reduced by

(ii) the sum of the applicable pro rata amounts for such period of all shareholders who return the form described in subparagraph (A)(iii) to the corporation prior to the beginning of the period.

(C) In this paragraph, the following definitions shall apply:

(i) The term "applicable percentage" means, with respect to a shareholder of a corporation, the amount (expressed as a percentage) equal to the number of shares of the corporation (within a particular class or type of stock) owned by the shareholder at the time the notice described in subparagraph (A) is provided, divided by the aggregate number of such shares owned by all shareholders of the corporation at such time.

(ii) The term "applicable pro rata amount" means, with respect to a shareholder for a 12-month period, the product of the shareholder's applicable percentage for the period and the proposed aggregate amount for disbursements for political activities by the corporation for the period, as specified in the notice provided under subparagraph (A).

(3)(A) Prior to the beginning of any 12-month period (as determined by the organization), each organization exempt from Federal taxation under section 501 of the Internal Revenue Code of 1986 (other than a labor organization) shall provide each of its members with a notice containing the following:

(i) The proposed aggregate amount for disbursements for political activities by the organization for the period.

(ii) *The individual's applicable percentage and applicable pro rata amount for the period.*

(iii) *A form that the individual may complete and return to the organization to indicate the individual's objection to the disbursement of amounts for political activities during the period.*

(B) *It shall be unlawful for an organization to which subparagraph (A) applies to make disbursements for political activities during the 12-month period described in such subparagraph in an amount greater than—*

(i) *the proposed aggregate amount for such disbursements for the period, as specified in the notice provided under subparagraph (A); reduced by*

(ii) *the sum of the applicable pro rata amounts for such period of all members who return the form described in subparagraph (A)(iii) to the organization prior to the beginning of the period.*

(C) *In this paragraph, the following definitions shall apply:*

(i) *The term "applicable percentage" means, with respect to a member of an organization, the amount (expressed as a percentage) equal to the total dues or membership fees paid by the member for the period involved, divided by the total amount of dues or fees paid by all members of the organization for such period.*

(ii) *The term "applicable pro rata amount" means, with respect to a member for a 12-month period, the product of the member's applicable percentage for the period and the proposed aggregate amount for disbursements for political activities by the organization for the period, as specified in the notice provided under subparagraph (A).*

(4) *For purposes of this subsection, the term "political activity" means any activity carried out for the purpose of influencing (in whole or in part) any election for Federal office, influencing the consideration or outcome of any Federal legislation or the issuance of any Federal regulations, or educating individuals about candidates for election for Federal office or any Federal legislation, law, or regulations.*

* * * * *

【CONTRIBUTIONS】 DISBURSEMENTS BY FOREIGN NATIONALS

SEC. 319. (a) It shall be unlawful for a foreign national directly or through any other person to make any **【contribution】 disbursement** of money or other thing of value, or to promise expressly or impliedly to make any such **【contribution】 disbursement**, in connection with an election to any political office or in connection with any primary election, convention, or caucus held to select candidates for any political office**【;】**, including any disbursement to a political committee of a political party and any disbursement for an independent expenditure; or for any person to solicit, accept, or receive any such **【contribution】 disbursement** from a foreign national.

(b) *Notwithstanding any other provision of this Act, the amount or duration of any penalty, fine, or sentence imposed on any person who violates subsection (a) shall be 200 percent of the amount or*

duration which is otherwise provided for under this Act or any other applicable law.

[(b)] (c) As used in this section, the term “foreign national” means—

(1) * * *

(2) an individual who is not a citizen of the United States [and who is not lawfully admitted for permanent residence, as defined by section 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(20))].

* * * * *

DISCLOSURE AND REPORTS RELATING TO POLLING BY TELEPHONE OR ELECTRONIC DEVICE

SEC. 323. (a) DISCLOSURE OF IDENTITY OF PERSON PAYING EXPENSES OF POLL.—*Any person who conducts a Federal election poll by telephone or electronic device shall disclose to each respondent the identity of the person paying the expenses of the poll. The disclosure shall be made at the end of the interview involved.*

(b) REPORTING CERTAIN INFORMATION.—*In the case of any Federal election poll taken by telephone or electronic device during the 90-day period which ends on the date of the election involved—*

(1) *if the results are not to be made public, the person who conducts the poll shall report to the Commission the total cost of the poll and all sources of funds for the poll; and*

(2) *the person who conducts the poll shall report to the Commission the total number of households contacted and include with such report a copy of the poll questions.*

(c) FEDERAL ELECTION POLL DEFINED.—*As used in this section, the term “Federal election poll” means a survey—*

(1) *in which the respondent is asked to state a preference in a future election for Federal office; and*

(2) *in which more than 1,200 households are surveyed.*

BAN ON USE OF SOFT MONEY BY NATIONAL POLITICAL PARTIES AND CANDIDATES

SEC. 324. (a) NATIONAL PARTIES.—

(1) IN GENERAL.—*No political committee of a national political party may solicit, receive, or direct any contributions, donations, or transfers of funds, or spend any funds, which are not subject to the limitations, prohibitions, and reporting requirements of this Act.*

(2) APPLICABILITY.—*Paragraph (1) shall apply to any entity which is established, financed, maintained, or controlled (directly or indirectly) by, or which acts on behalf of, a political committee of a national political party, including any national congressional campaign committee of such a party and any officer or agent of such an entity or committee.*

(b) CANDIDATES.—

(1) IN GENERAL.—*No candidate for Federal office, individual holding Federal office, or any agent of such a candidate or of ficeholder may solicit, receive, or direct—*

(A) any funds in connection with any Federal election unless the funds are subject to the limitations, prohibitions and reporting requirements of this Act;

(B) any funds that are to be expended in connection with any election for other than a Federal office unless the funds are not in excess of the applicable amounts permitted with respect to contributions to candidates and political committees under paragraphs (1) and (2) of section 315(a), and are not from sources prohibited from making contributions by this Act with respect to elections for Federal office; or

(C) any funds on behalf of any person which are not subject to the limitations, prohibitions, and reporting requirements of this Act if such funds are for the purpose of financing any activity on behalf of a candidate for election for Federal office or any communication which refers to a clearly identified candidate for election for Federal office.

(2) EXCEPTION FOR CERTAIN ACTIVITIES.—Paragraph (1) shall not apply to—

(A) the solicitation, receipt, or direction of funds by an individual who is a candidate for a non-Federal office if such activity is permitted under State law for such individual's non-Federal campaign committee; or

(B) the attendance by an individual who holds Federal office at a fundraising event for a State or local committee of a political party of the State which the individual represents as a Federal officeholder, if the event is held in such State.

(c) APPLICABILITY TO FUNDS FROM ALL SOURCES.—This section shall apply with respect to funds of any individual, corporation, labor organization, or other person.

* * * * *

NATIONAL VOTER REGISTRATION ACT OF 1993

* * * * *

SEC. 5. SIMULTANEOUS APPLICATION FOR VOTER REGISTRATION AND APPLICATION FOR MOTOR VEHICLE DRIVER'S LICENSE.

(a) * * *

* * * * *

(c) FORMS AND PROCEDURES.—(1) Each State shall include a voter registration application form for elections for Federal office as part of an application for a State motor vehicle driver's license.

(2) The voter registration application portion of an application for a State motor vehicle driver's license—

(A) * * *

* * * * *

(C) shall include a statement that—

(i) * * *

(ii) contains an attestation that the applicant meets each such [requirement;] requirement (consistent with section 9(c)); and

* * * * *

SEC. 7. VOTER REGISTRATION AGENCIES.

(a) DESIGNATION.—(1) * * *

* * * * *

(6) A voter registration agency that is an office that provides service or assistance in addition to conducting voter registration shall—

(A) distribute with each application for such service or assistance, and with each recertification, renewal, or change of address form relating to such service or assistance—

(i) the mail voter registration application form described in section 9(a)(2), including a statement that—

(I) * * *

(II) contains an attestation that the applicant meets each such [requirement;] requirement (consistent with section 9(c)); and

* * * * *

SEC. 8. REQUIREMENTS WITH RESPECT TO ADMINISTRATION OF VOTER REGISTRATION.

(a) * * *

* * * * *

(d) REMOVAL OF NAMES FROM VOTING ROLLS.—(1) A State shall not remove the name of a registrant from the official list of eligible voters in elections for Federal office on the ground that the registrant has changed residence unless the registrant—

(A) * * *

(B)(i) has failed to respond to a notice described in [paragraph (2);] paragraph (2), or has provided a mailing address which the Postal Services indicates is no longer applicable and has provided no other applicable address; and

* * * * *

(4) The second sentence of paragraph (2)(A) shall apply to an individual described in paragraph (1)(B)(i) who has provided a mailing address which the Postal Services indicates is no longer applicable and has provided no other applicable address in the same manner as such sentence applies to an individual who has failed to respond to a notice described in paragraph (2).

(e) PROCEDURE FOR VOTING FOLLOWING FAILURE TO RETURN CARD.—(1) * * *

* * * * *

(4)(A) If a registrant has not voted or appeared to vote in two consecutive general elections for Federal office, a State may send the registrant a notice consisting of—

(i) a postage prepaid and pre-addressed return card, sent by forwardable mail, on which the registrant may state his or her current address; and

(ii) a notice that if the card is not returned, oral or written affirmation of the registrant's identification and address may be required before the registrant is permitted to vote in a subsequent Federal election.

(B) If a registrant to whom a State has sent a notice under subparagraph (A) has not returned the card provided in the notice and appears at a polling place to cast a vote in a Federal election, the State may require the registrant to provide oral or written affirmation of the registrant's identification and address before an election official at the polling place as a condition for casting the vote.

SEC. 9. FEDERAL COORDINATION AND REGULATIONS.

(a) * * *

(b) CONTENTS OF MAIL VOTER REGISTRATION FORM.—The mail voter registration form developed under subsection (a)(2)—

(1) * * *

(2) shall include a statement that—

(A) * * *

(B) contains an attestation that the applicant meets each such [requirement;] requirement (consistent with section 9(c)); and

* * * * *

(c) CITIZENSHIP CHECK-OFF AND OTHER INFORMATION.—

(1) IN GENERAL.—Effective January 1, 2000—

(A) the mail voter registration form developed under subsection (a)(2) and each application for voter registration of a State shall include 2 boxes for the applicant to indicate whether or not the applicant is a citizen of the United States, and no application for voter registration may be considered to be completed unless the applicant has checked the box indicating that the applicant is a citizen of the United States; and

(B) such form and each application for voter registration of a State shall require the applicant to provide—

(i) the city, State or province (if any), and nation of the individual's birth; and

(ii) if the individual is a naturalized citizen of the United States, the year in which the individual was admitted to citizenship and the location where the admission to citizenship occurred (if applicable).

(2) STATE OPT-OUT.—Paragraph (1) shall not apply with respect to applications for voter registration of any State which notifies the Federal Election Commission prior to January 1, 2000, that it elects to reject the application of such paragraph to applications for voter registration of the State.

* * * * *

SECTION 9003 OF THE INTERNAL REVENUE CODE OF 1986

SEC. 9003. CONDITION FOR ELIGIBILITY FOR PAYMENTS.

(a) * * *

* * * * *

(f) *ILLEGAL SOLICITATION OF SOFT MONEY.*—No candidate for election to the office of President or Vice President may receive amounts from the Presidential Election Campaign Fund under this chapter or chapter 96 unless the candidate certifies that the candidate shall not solicit any funds for purposes of influencing (directly or indirectly) such election, including any funds used for an independent expenditure under the Federal Election Campaign Act of 1971, unless the funds are subject to the limitations, prohibitions, and reporting requirements of the Federal Election Campaign Act of 1971.

(g) *PROHIBITING CONSPIRACY TO VIOLATE LIMITS.*—

(1) *VIOLATION OF LIMITS DESCRIBED.*—If a candidate for election to the office of President or Vice President who receives amounts from the Presidential Election Campaign Fund under chapter 95 or 96 of the Internal Revenue Code of 1986, or the agent of such a candidate, seeks to avoid the spending limits applicable to the candidate under such chapter or under the Federal Election Campaign Act of 1971 by soliciting, receiving, transferring, or directing funds from any source other than such Fund for the direct or indirect benefit of such candidate's campaign, such candidate or agent shall be fined not more than \$1,000,000, or imprisoned for a term of not more than 3 years, or both.

(2) *CONSPIRACY TO VIOLATE LIMITS DEFINED.*—If two or more persons conspire to violate paragraph (1), and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined not more than \$1,000,000, or imprisoned for a term of not more than 3 years, or both.

MINORITY VIEWS

INTRODUCTION

Genuine campaign finance reform would empower more working families and average citizens in our political system, and decrease the disproportionate influence of wealthy special interests. To our chagrin, the Majority has recommended a bill that further amplifies the already loud political voice of the wealthy, while doing nothing to empower working families. H.R. 3485 is not genuine campaign finance reform.

We urge the defeat of H.R. 3485.—If adopted, the bill would inject as much as 3 times more money into federal campaigns and elections than current law permits, impose onerous requirements on groups that have the right to engage in political activities on behalf of their dues paying members, and single-out for scrutiny citizens who have the right to vote in elections.

We also reject the process used by the Majority to commend H.R. 3485 to the floor of the House. The secret, hurried process that spawned this bill is no way to produce a bipartisan campaign finance reform bill that will inspire the public's confidence.

H.R. 3485 does not only make working families more irrelevant to the system by increasing the power of the rich, it seeks to take away what little power they do have by attacking the American labor movement. In Title I, Republicans target working families who freely choose to organize and join together to fight for health care, education, pensions, safer workplaces and other important issues which the Republicans have refused to address in this Congress. Make no mistake, this is an effort to punish the American labor movement for supporting working families, and not the priorities of the Republican Leadership.

H.R. 3485 will have a chilling effect on recently naturalized citizen voters by erecting unnecessary obstacles on their way to the voting booth. In Title V, the Republicans attempt to intimidate and silence minority populations who disagree with Republican priorities. Is it merely coincidental that the "ballot integrity" pilot program is comprised of the 5 states with the largest Hispanic populations (Texas, Florida, California, New York, Illinois)? We think not.

H.R. 3485 raises most of the contribution limits set forth in the Federal Election Campaign Act ("FECA"). Title VI (Revision and Indexing of Certain Contribution Limits and Penalties) proposes increases that defy the public's wish to reduce political money. For example, a wealthy individual currently can contribute a total of \$25,000 per year to candidates, PACs, and parties combined. Under the Republican bill, that same person could contribute \$75,000, a 200% increase. Further, the Majority bill would double the maximum individual contribution in a federal election, from \$1,000 to

\$2,000. Finally, the increased limits are indexed to ensure that they automatically rise further—and that they continue to do so forever. This will ensure that wealthy contributors never lose their influence.

H.R. 3485 perpetuates the flow of unregulated “soft money” by ignoring soft money activities by state and local parties that have an indirect but decided effect on Federal elections.

In sum, the Republican bill does exactly what it was designed to do. It dramatically increases the amount of money in politics and the political influence of the wealthy individuals and special interests who can afford to make the massive contributions that H.R. 3485 permits. As a consequence, the Republican bill makes ordinary working Americans irrelevant to the funding of the political process.

The substitute offered by the Minority is the only bill capable of earning majority support in the Congress. Having received majority support from the United States Senate; this alternative enjoys significant Republican support in the House. This alternative focuses on genuine campaign finance problems. The same cannot be said about the Majority bill, which includes assaults on working families and minority groups that takes it far afield from campaign finance reform.

The Minority Amendment would not treat as “suspect categories” any citizens who already have the right to vote, or impose onerous regulations on any organized groups that have the constitutional right to express the opinions of their dues-paying members.

The Minority Amendment offers the promise of a comprehensive soft money ban by targeting soft money activities on both the national and state/local level of politics. The Republican bill only targets soft money on the Federal level.

The Minority Amendment would modify the statutory definition of “express advocacy” to provide a clear and common-sense distinction between expenditures for communications used to advocate candidates and those used to advocate issues. Candidate-related independent expenditures/advocacy will be subject to federal election law. This modest disclosure rule will not limit political speech in any way. It will only shed sunlight on political spending by interest groups that now passes as “issue advocacy,” and inform the American people where the interest groups raised those funds and how much they spent.

The Minority Amendment would require greater disclosure of campaign finance contributors and expenditures and strengthens election laws.

TITLE I OF THE MAJORITY BILL TARGETS WORKING FAMILIES IN THE
NAME OF “CAMPAIGN REFORM”

Title I is a transparent attempt to shut American working families out of the political process and to financially cripple non-profit organizations that might want to participate in Federal advocacy.

A Minority amendment in Committee to strike Title I was defeated on a straight party vote.

The scope of Title I represents a serious infringement on the First Amendment right of Free Speech and on every citizen’s right to petition the Federal Government for redress of grievances. The

definition of “political activity”, which Title I seeks to regulate, includes “influencing the consideration or outcome of any Federal legislation or the issuance or outcome of any Federal regulations, or educating individuals about candidates for election for Federal office any Federal legislation, law or regulation”. This clearly exceeds any rational or legitimate objective of campaign finance reform.

While trying to regulate Federal advocacy in the private sector, Title I creates a blatantly uneven playing field. It provides that labor unions must obtain written affirmative approval from its members before using dues monies for “political activity”, while corporations and non-profits can spend funds for “political activity” unless stockholders or members affirmatively object. This is clearly a double standard.

Title I would place an enormous cost penalty on unions and non-profits for simply pursuing a constitutional right. Many small and medium-sized non-profits may no longer find political activity financially possible. America’s working men and women would find it even more difficult to have their views heard.

Title I is too partisan, too broad in scope and poorly conceived. It underscores why H.R. 3485 should be rejected.

TITLE V OF THE MAJORITY BILL TARGETS RECENTLY NATURALIZED
AMERICAN CITIZENS IN THE NAME OF “CAMPAIGN REFORM”

Title V is a non-germane title reflecting the Majority’s continuing efforts to undermine the Voting Rights Act (VRA) and the National Voter Registration Act (NVRA).

A Minority amendment in Committee to strike Title V was defeated on a straight party vote.

Subtitle A resurrects legislation defeated earlier this year when considered under Suspension. It proposes using the Social Security Administration (SSA) and the Immigration and Naturalization Service (INS) as sources to provide election officials with citizenship information on prospective voter registrants, despite the fact that both agencies have testified at length that they are not qualified to provide this data. Subtitle A proposes a pilot program using five states, California, New York, Texas, Florida and Illinois. Oddly enough, these are the five states with the highest percentage of Latino residents. If the election officials of any one of these states chose to use SSA and/or INS as a certification source, that agency would be overwhelmed since, under the VRA, any submissions would have to be “uniform and nondiscriminatory” meaning that all registration applications from any election jurisdiction would have to be submitted, not just those with “funny” names.

Subtitle B includes language amending NVRA by requiring additional identification characteristics for potential registrants and by changing the purge provisions. Neither of these amendments is necessary or desirable.

Title V does not belong in a campaign reform bill. It is inappropriate, unworkable and should be defeated standing alone. Included in this legislation, it simply provides another strong reason why H.R. 3485 should be rejected.

The Republican record on voter intimidation and harassment naturally raises suspicions about any Majority legislation in this area. For example, in 1988, in Orange County, California, the Re-

publicans hired uniformed security troopers to stand outside polling places in Latino districts in order to discourage Hispanic/Americans from voting. As a result of a lawsuit brought against the Republicans for this outrageous action, the California Republican Party was fined \$400,000.

Republicans have also been caught using a variety of intimidation tactics in New Jersey and Louisiana and have been forced to sign court ordered desist consents.

This January, on Martin Luther King's birthday, Republicans, at their annual National Committee meeting in California, met secretly in a closed session to review a seventeen page document on so-called "ballot integrity" plans.

In the recent California Special Election (Capps), Republican election workers were observed in person and on film intimidating Hispanic/American voters by demanding they produce photo ID's and other identification documents.

THE MAJORITY BILL DRAMATICALLY INCREASES THE AMOUNT OF MONEY IN POLITICS AND THE INFLUENCE OF WEALTHY SPECIAL INTERESTS. IT ALSO INCLUDES POISON PROVISIONS THAT HAVE NOTHING TO DO WITH REFORMING POLITICAL MONEY AND GUARANTEE DEFEAT.

Put simply, H.R. 3485 will increase the amount of money in politics. Moreover, it will do so in a way that increases the influence of the wealthiest Americans. The bill doubles the limit on individual contributions to candidates. It triples the limit on contributions to national party committees. It triples the aggregate limit that wealthy individuals can contribute to Federal political activities. Finally, it ignores soft money to State and local party committees.

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

Under the guise of accounting for inflation, the indexing proposal in H.R. 3485 will immediately triple most of the contribution limits set forth in the Federal Election Campaign Act (FECA), and automatically increase contribution limits in the future. In short, the bill does not merely raise the contribution limits; it ensures that the limits continue to rise forever without any congressional approval whatsoever.

The Majority defends its proposed increase on the grounds that it compensates for inflation. Apparently it thinks that the current limits have made it harder-and-harder for candidates to assemble enough money to reach voters and get elected with each passing campaign cycle. But if that were the case, then how does the Majority explain that under the current "low limits," the average winning House candidate has managed to increase his or her campaign treasury from approximately \$80,000 in 1976 to \$670,000 in 1996? So-called low limits have not hampered House candidates from raising 8 times more money in 1996 than they did in 1976.

The answer may be that the Majority fears that the political influence of the wealthy has waned because \$1,000 contributions are worth less than they once were and because the \$25,000 aggregate annual contribution limit for individuals has not risen. Few Ameri-

cans share this concern. Most Americans' take home pay is less than \$25,000 per year; they cannot imagine contributing that much to political candidates. Statistics bear this out. According to a recent study by the Center for Responsive Politics, "1/10th of 1 percent of the American public" gave \$1,000 or more in the 1996 elections. Nor can ordinary working Americans accept the Majority premise that a \$1,000 individual contribution limit is inadequate, and that the limit must be raised (for now at least) to \$2,000 per election and \$4,000 per election cycle. Quite properly, the increased contribution limits proposed in H.R. 3485 will validate the public's perception that the political process is closed to ordinary working Americans, and that only financially well-off people can participate effectively.

Finally, it must be noted that Majority concerns about adjusting for inflation apparently do not extend to ordinary working Americans. In 1974—the year in which current contribution limits went into effect—the minimum wage was \$2.30. If that amount were indexed under the Majority formula, the minimum wage currently would be about \$6.60, not \$5.15. As previous congressional sessions have demonstrated, the Majority has steadfastly resisted efforts to raise the minimum wage.

2. UNDER H.R. 3485, TOO MUCH MONEY IS NOT THE PROBLEM, IT IS THE SOLUTION: A WEALTHY INDIVIDUAL CAN GIVE 3 TIMES MORE IN HARD MONEY THAN TODAY'S LAW PERMITS

Americans agree the current campaign finance system is broken. The overwhelming majority of Americans also agree it is broken because there is too much special interest money in campaigns drowning out the voice of average Americans. In sharp contrast to this national sentiment, the Majority thinks the system is broken because there is not enough money in politics. H.R. 3485 proposes sharply increasing contribution limits to correct this "flaw" in campaign finance law.

H.R. 3485 increases aggregate contribution limits in the following ways.

First, H.R. 3485 triples the total amount that an individual may contribute directly to Federal candidates and PACs from \$25,000 per calendar year to \$75,000.

Second, H.R. 3485 doubles maximum individual contribution per election from \$1,000 to \$2,000.

Third, H.R. 3485 triples the total amount that an individual can contribute to the political committees established and maintained by a State or local party from \$5,000 per calendar year to \$15,000 per calendar year.

The combined effect of these increases should trouble every member who thinks there is already too much money in campaigns.

3. THE MAJORITY BILL WILL NOT SEAL THE UNREGULATED SOFT MONEY LOOPHOLE THROUGH WHICH WEALTHY INDIVIDUALS AND SPECIAL INTERESTS CAN GIVE UNLIMITED AMOUNTS OF CASH

Soft money has been rightly criticized as a back door through which unregulated contributions from wealthy individuals and corporations enter the political process. With no limits on contribution size or on who can contribute, soft money has become the parties'

favored way of boosting federal candidates above and beyond the hard money contributions that are limited by Federal law. During 1996, the national parties raised \$263 million in soft money. Corporations, trade associations, and other business groups constituted the biggest source of soft money, giving 90% of this money, or \$203 million.

People concerned about soft money agree that unless the issue is addressed on both the federal and state levels, soft money will continue to influence federal elections.

H.R. 3485 is not a comprehensive effort to staunch the total flow of soft money because it only addresses soft money activities conducted by the national political committees through their non-federal accounts. To be sure, addressing soft money raised by national political parties and Federal candidates is an essential first step to ridding politics of unlimited, unregulated contributions. However, H.R. 3485 would not regulate any more rigorously than current law does soft money activities that are conducted by State and local political parties which have an indirect but unmistakable impact on candidates running in federal elections.

The inadequacy of the Majority soft money “ban” becomes quickly apparent through a simple illustration: a wealthy tobacco company that under the current law can give millions of soft money dollars to a national political party’s non-federal account and could not under the Majority soft money “ban” could still flood state and local parties in all 50 states with soft money contributions. These contributions in turn could be spent on “generic” party state and local “grass roots” activities that boost a federal candidate’s prospects.

A comprehensive soft money ban, like the one proposed by Rep. Shays and Rep. Meehan, would consist of 3 key elements, only the first of which is included in H.R. 3485:

(1) prohibit national party committees from raising, receiving or spending soft money—the Majority measure stops here.

(2) prohibit state and local party committees from spending soft money they raise in a federal election year for activities that may affect a federal election, including voter and registration drives, generic activity, and any communication that identifies a federal candidate.

(3) prohibit party committees from using soft money to raise funds; would prohibit party committees from using soft money for tax-exempt organizations; would prohibit federal candidates and officials from raising either soft money or soft money for a tax-exempt group involved in voter and registration drives; would increase disclosure requirements for state and local soft money; would remove the building fund exemption to FECA definition of contribution; would require prompt disclosure by non-party entities of voter registration and get-out-the-vote drives, generic activities, and communications that refer to one or more federal candidates once a threshold level is reached.

In sum, failure to address soft money on the state and local level, even if it is prohibited on the national level, will only preserve the loophole so many Americans deplore, encouraging wealthy individuals and corporations to divert huge contributions that now go to national non-federal accounts to state parties. As a consequence, H.R. 3485 will not shrink the total volume of unregulated soft

money, or neutralize its impact on federal elections. The bill merely re-channels where rich special interests send these unlimited contributions.

THE MAJORITY BILL IMPOSES SUBSTANTIAL NEW RESPONSIBILITIES ON THE FEC, BUT REFUSES TO PROVIDE SUFFICIENT RESOURCES TO DISCHARGE THEM

The Majority campaign finance bill would require the FEC to discharge a number of additional responsibilities. Unlike Title V of the bill, the misguided Election Integrity, which authorizes appropriations for the pilot program, Title III does not authorize any additional funds for the FEC to conduct its new responsibilities. We find it puzzling that the Majority would in one title authorize money for a controversial “pilot program” that was defeated last month by the full House under suspension and in another thrust on the FEC additional responsibilities without similarly authorizing the necessary resources. The proposed responsibilities are not light and will cost the FEC money it does not now have. For example, H.R. 3485 would require the FEC to process within 24 hours all candidate reports filed during the last 20 days of a campaign, and to post those reports on the Internet within 24 hours of receipt. Similarly, the Majority bill would establish a second procedure whereby the Commission could respond to written inquiries regarding its rules (advisory opinions already are available). To perform these duties in accordance with the bill, the FEC would need new computer resources, election law experts, and support personnel.

Make no mistake about it. These are constructive proposals that the Minority would have been inclined to support if they had not been linked to “payroll protection” and “voter integrity.” Beyond that, they share a common flaw. Under the Majority Congress, the FEC lacks the resources to carry out its current mandate.

THE MINORITY AMENDMENT: A CLEAN CAMPAIGN FINANCE ALTERNATIVE

The Minority Amendment is a serious, comprehensive proposal to correct the most serious problem in American political campaigns: too much special interest money from too few sources. Unlike the Majority bill, the amendment is not saddled with “poison provisions” that have nothing to do with money and elections.

1. THE MINORITY AMENDMENT ELIMINATES SOFT MONEY

Soft money contributions to political parties have been criticized as a loophole in the campaign finance laws and as a back door through which wealthy special interests gain influence over the political process. These concerns are especially acute because soft money contributions are unlimited—contributors can give as much as they want—and because the contributions often come from corporations and other organizations that are prohibited from making direct campaign contributions.

The Minority Amendment addresses public concerns over soft money by prohibiting soft money contributions to national political parties and sharply curtailing soft money activities conducted by State and local parties.

*Title I: Soft money ban**Sec. 101: Comprehensive soft money ban*

(1) It would prohibit all soft money contributions to the national political parties from corporations, labor unions, and wealthy individuals.

(2) Furthermore, State political parties would be prohibited from spending unregulated soft money funds on activities in connection with a Federal election.

These two provisions will seal the soft money loopholes in the current law. They will stop the \$100,000, \$250,000 and \$500,000 contributions that have flowed to the political parties

Sec. 102: Modest Increase in contribution limits for State political committees and aggregate individual contribution limits

Our amendment recognizes the value of political parties in our election system, particularly on the state and local level. Along with the comprehensive soft money ban, the amendment would modestly increase the amount of “hard” money to State parties, from \$5,000 to \$10,000. The amendment would also increase the aggregate amount of “hard” money an individual may contribute to all Federal candidates and parties in a single year, from \$25,000 to \$30,000.

2. THE MINORITY AMENDMENT WOULD INCREASE DISCLOSURE OF
POLITICAL SPENDING

Our amendment would modify the statutory definition of “express advocacy” to provide a clear distinction between expenditures for communications used to advocate candidates and those used to advocate issues. Candidate-related expenditures/advocacy will be subject to federal election law.

*Title II: Independent expenditures and “issue ads”**Sec. 201: Definitions*

Our amendment modifies the statutory definition of “express advocacy” to provide a clear distinction between expenditures for communications used to advocate candidates and those used to advocate issues. Candidate-related expenditures/advocacy will be subject to federal election law.

The Supreme Court has ruled that only communications that contain “express advocacy” of candidates are subject to federal disclosure requirements and restrictions. In contrast, communications that are purported to raise issues are not covered by disclosure laws. Under the current law, “express advocacy” refers only to those communications that include the so-called “magic words,” such as “Vote for Candidate X” or “Oppose Candidate Y.” Political parties have circumvented these laws in recent elections by running ads that are clearly designed to advocate candidates but stop short of using the magic words.

The Minority Amendment defines “express advocacy” as any broadcast television or radio communication that includes the name of a federal candidate within 60 days of an election.

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

Sec. 203: Reporting requirements for independent expenditures

If parties and groups want to run “issue ads” during the 60 day period, they can, as long as they do not mention the name of a candidate. If they choose to mention a candidate’s name, they are still free to do so, but the expenditure must be disclosed and financed with funds raised under Federal election law.

3. THE MINORITY AMENDMENT WOULD STRENGTHEN THE FEDERAL ELECTION COMMISSION

Title III: Greater disclosure and stronger election laws

Sections 301–308: Disclosure

Lowers the reporting threshold of campaign contributions from \$200 to \$50.

Doubles the penalties for knowing and willful violations of Federal election law.

Requires candidates to file electronically, thus improving disclosure and timely disclosure.

Provides more timely disclosure of independent expenditures.

Requires the FEC to make campaign finance records available on the Internet within 24 hours of their filing.

Requires campaigns to collect and disclose all required contributor information. “Best Effort” waiver is repealed.

Bars campaigns from depositing campaign contributions over \$200 into their campaign accounts until all required information has been disclosed.

Permits FEC to conduct a random audit at the end of a campaign to ensure compliance with Federal election law.

Bars Federal candidates from converting campaign funds for personal use, such as mortgage payment or country club membership.

Requires all political ads to include a disclaimer identifying who is responsible for the content of the campaign ad.

Bars members from sending-out taxpayer-financed franked mass mailings during the calendar year of their election.

Strengthens the current law making it clear it is unlawful to raise or solicit contributions from federal property, including the White House and United States Congress.

4. THE MINORITY AMENDMENT WOULD REWARD CANDIDATES WHO
VOLUNTARILY RESTRAIN THEIR CAMPAIGN SPENDING

Title IV: Personal wealth option

*Sections 401–402: Voluntary personal funds expenditure
limit/Political party committee coordinated expenditures*

Bars the political parties from making “coordinate expenditures” on behalf of House candidates who do not agree to limit their personal spending.

Current law permits the parties to spend a limited amount of money in coordination with a House campaign, with the amount based on the size of each state. Under the Minority Amendment, candidates who voluntarily limit their personal spending to \$50,000 per election will continue to receive this assistance from their parties. But candidates who choose to spend millions of dollars of their own funds on their campaigns will no longer be rewarded with this party assistance. The Supreme Court has ruled that it is permissible to offer candidates incentives to encourage them to abide by spending restrictions, and this provision would for the first time ever, codify the Buckley decision with respect to Congressional campaigns. By using the coordinated expenditure limits as such a carrot, we can create a more level playing field between wealthy candidates and those candidates who have fewer such resources at their disposal.

5. THE MINORITY AMENDMENT WOULD PROHIBIT ALL POLITICAL
CONTRIBUTIONS FROM NON-CITIZENS

Title V: Miscellaneous

Sec. 503: Foreign Money

The Minority Amendment strengthens current law to prohibit foreign nationals from making any contributions in a Federal, state, or local election. The foreign money abuses from the 1996 election that have captured so much attention would be entirely shut down by this proposal.

CONCLUSION

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

We urge rejection of the Majority “more money” bill (H.R. 3485) and the passage of the Minority substitute.

APPENDIX: A FLAWED PROCESS: CHRONOLOGY LEADING UP TO H.R.
3485

As Congresswoman Kilpatrick correctly stated at the beginning of the mark-up, the circumstances that spawned H.R. 3485 show that the Majority is not sincere about campaign finance reform, one of a handful of issues that go to the heart of American democracy.

On Monday, March 16, 1998 at 1:30 PM, the Minority members of the House Oversight Committee were informed that at 4:00 PM the following Wednesday the committee would convene to mark-up "campaign reform" legislation. The Majority provided no information concerning what bill would be marked-up or what issues might be addressed.

On Wednesday, March 18, 1998 at 12:37 PM—less than 4 hours before the 4:00 PM markup—the Minority members were provided one copy of the Majority "campaign reform" bill, H.R. 3485. The Minority members and their staff were given less than an afternoon to copy, distribute, and analyze a bill that ran 51 pages and contained 9 titles. During the mark-up, the Chairman had the temerity to chide our good-faith attempts to improve this bill; he claimed our amendments seemed rushed. In fact the chiding should have been directed at his own side for rushing a process that until last week it had blocked.

Approximately 2 hours after convening, the House Oversight Committee recommended by straight party vote H.R. 3485 to the full House.

SAM GEJDENSON.
STENY HOYER.
CAROLYN C. KILPATRICK.

ADDITIONAL DISSENTING REMARKS

The House Oversight Committee has heard testimony from over 40 members of Congress, and listened to over 20 hours of earnest, bi-partisan testimony on an issue that affects all of us: campaign finance reform. While we might disagree over the shape, form, or function that much-needed campaign finance reform must take, we all agree that this effort should not be done in such a manner as to be unfair, unjust, or unwise. The legislation that is the by-product of this testimony, the “Campaign Reform and Election Integrity Act,” is a hurriedly and unilaterally drafted bill that will not reform nor add integrity to our electoral process. Instead, this bill creates a bureaucratic labyrinth of rules and regulations that further intimidates and suppresses the ability of working women and men to have a fair voice in our political system. It is our hope that the wisdom of Congress prevails in defeating this terrible piece of legislation.

THIS BILL IS A GAG RULE ON THE VOICE OF WORKING PEOPLE

During Committee consideration of this bill, Congresswoman Kilpatrick offered an amendment that would have deleted Title I from the bill, “prohibiting the involuntary use of funds of employees of corporations and other employers and members of unions and organizations for political activities.” Although both Democratic and Republican members of the House Oversight Committee only had one hour and fifteen minutes to review the bill, this section clearly stood out. Simply put, Title I of the bill resurrects the odious “worker gag rule act.” This provision is devised to silence workers and their unions, not to protect the rights of union members. Unfortunately, this amendment was defeated during Committee consideration of this bill.

Let us make one thing clear: no employee is required to join a union. No employee is required to pay fees to a union not related to collective bargaining, contract administration, or grievance adjustment. The Beck decision, which reaffirmed the right of union members to require workers who choose not to join a union to pay such fees, underscores this point. Under the Federal Election Campaign Act, workers cannot be forced to pay for union political or legislative activities with which she or he disagrees. Unions are required to provide fair representation to all employees that they represent, regardless of whether the employee chooses to join the union, and may be sued for failing to do so.

Secondly, union dues cannot be used to make contributions to federal candidates. Common sense would indicate that the vast majority of union members support their union’s legislative and political activities. However, any worker who chooses may resign and confine the required fees and costs to those of bargaining and rep-

resentation. Again, by law, unions are required to notify workers of that right.

THIS BILL IS A BUREAUCRATIC NIGHTMARE

On page seven, lines three through 10, the bill delineates those “political activities” that would be banned. These include “any activity carried out for influencing (in whole or in part) any election for Federal office . . . educating individuals about candidates for elections for Federal office, or any Federal legislation, law, or regulations.” This certainly seems to be an egregious breach of the First Amendment. Just because you work for a non-profit organization or labor union does not mean that you have cashiered your Constitutional Rights.

More importantly, exactly how are these rules and regulations going to be established? How will labor unions, corporations, and non-profit organizations comply with these new, complex provisions? Who will judge who is guilty or innocent of any apparent breach of these rules? The reality is that most organizations comply with Federal law regarding participation in campaigns. The reality is also that these rules would serve as a disincentive for people who are members of labor unions or non-profit organizations from participating in the most democratic system of government in the world.

Before we were elected to this august body, we both served as State representatives. As such, we fought, and still fight, for the right of everyday citizens, the disenfranchised, and the powerless to participate in our process of government. By limiting the ability of people, who happen to be members of labor unions and non-profit organizations to participate in our system of government, we hinder, not help, the Constitution that we have all sworn to defend and protect.

CAROLYN C. KILPATRICK.
STENY H. HOYER.

