

NLWJC - Kagan

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Campaign Finance Materials [3]

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FOR IMMEDIATE RELEASE

**FOX BROADCASTING COMPANY FILES A
"REQUEST FOR DECLARATORY RULING" WITH THE FCC
AS PART OF ITS PROPOSAL TO PROVIDE FREE AIR-TIME
TO MAJOR PRESIDENTIAL CANDIDATES**

NEW YORK, April 25, 1996 -- Fox Broadcasting Company (FBC) has taken the next step to implement its pledge to provide free air-time to major presidential candidates, as determined by the Commission on Presidential Debates. The Company today filed a "Request for a Declaratory Ruling," asking the FCC to rule that FBC's proposals to provide free air-time to these candidates are consistent with the law and the intent of Congress.

Rupert Murdoch, chairman of News Corporation, recently announced the proposal to make free air-time available on the FOX network to major presidential candidates in a speech before the National Press Club on February 26, 1996.

In his proposal, Mr. Murdoch said FOX would ask each major candidate to prepare ten one-minute position statements in response to questions on issues

-- more --

important to the American people. FOX will then provide news event coverage of these statements during its prime-time schedule in the period leading up to the November 5th general election.

FOX has also committed to devote a full hour of its prime-time schedule on election-eve, Monday, November 4, to news event coverage of longer, back-to-back statements by each major candidate. The tone of these statements will be solely up to the discretion of the individual candidates, with FCC exercising no control over their content.

As part of today's filing, FCC stressed that its proposals are consistent with Congress' desires to treat all candidates equally, as well as ensuring the wide dissemination of political news and information.

Mr. Murdoch said, "By providing free access during prime-time, we hope to provide a forum in which the major presidential candidates can take their message directly to the American people without censorship. This is just one small step toward the needed overall reform of our political system."

Fox Broadcasting Company, a wholly-owned subsidiary of News Corporation,

-- more --

provides a diverse slate of entertainment and sports programming to audiences via 201 affiliated stations nationwide, reaching more than 98 percent of U.S. households. The FOX network broadcasts 15 hours of prime-time programming over seven nights; late-night on Saturdays; and regular and post season coverage of professional football, hockey and baseball games, as well as numerous other sporting events. In addition, FOX will begin providing one hour of programming daily each morning in the Fall of 1996, and will launch an hour-long late-night weekday program in January, 1997. FOX also broadcasts 19 hours on weekdays and Saturdays mornings through the Fox Children's Network, the top-rated children's programming service in the United States.

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In re Request for Declaratory Ruling of)
)
FOX BROADCASTING COMPANY)
)
Regarding Sections 315(a)(2) and (4))
of the Communications Act)

To: The Commission

REQUEST FOR DECLARATORY RULING

Fox Broadcasting Company ("Fox"), pursuant to Section 1.2 of the Commission's Rules, hereby requests a declaratory ruling that the news event coverage described herein and proposed to be broadcast over the Fox Network during the 1996 presidential general election campaign is exempt from the "equal opportunities" provision of Section 315(a) of the Communications Act, as amended. ^{1/} As will be shown below, Fox's proposals fall within the ambit of the bona fide news interview and "on-the-spot" news coverage exemptions codified at Sections 315(a)(2) and (4). Furthermore, Fox's proposals will contribute to the public interest in an open and vigorous exchange of ideas prior to the November 5,

^{1/} This proposal was first made by Rupert Murdoch in a speech given on February 26, 1996. This request seeks to implement the proposal, following numerous discussions with interested parties subsequent to Mr. Murdoch's remarks.

1996 general election, while fully comporting with "Congress's objectives both to treat all candidates equally and to ensure maximum coverage" of political news.

King Broadcasting Co. v. FCC, 860 F.2d 465, 466 (D.C. Cir. 1988). ^{2/}

I. FOX PROPOSES TO PROVIDE NEWS EVENT COVERAGE OF SHORT- AND LONG-FORM CANDIDATE PRESENTATIONS REGARDING ISSUES OF CONCERN TO VOTERS.

Fox seeks a ruling with respect to the following two proposals to provide news event coverage of appearances by the major presidential candidates, as determined by the Commission on Presidential Debates (collectively, the "Candidates"): ^{3/}

A. Short-Form News Event Coverage.

Between September 15 and November 2, 1996, Fox proposes to provide news event coverage of ten 60-second position statements by each Candidate, for a total of ten minutes per Candidate. Each statement will be a response to a question

^{2/} Fox makes this proposal unilaterally and without any expectation that the other networks will participate. The proposal advanced herein is in addition to the existing extensive opportunities for candidate appearances on Fox news programs on its owned and operated stations across the country, e.g., "The Fox Morning News" and "The 10 O'Clock News" on WTTG in Washington. In fact, prime-time newscasts on numerous Fox affiliates represent an opportunity, unique in the industry, for prime-time appearances by both national and local candidates for public office.

^{3/} Fox does not seek to involve the Commission on Presidential Debates in making determinations apart from those it makes for its own debates. Rather, because of the timing of Fox's proposed news event coverage, the determinations made by the Commission on Presidential Debates will be sufficient to assure participation by all major candidates.

about a different issue of demonstrable concern to voters in the general election. The ten questions will be formulated by an independent consultant or polling organization and will be submitted to the Candidates in writing by September 1, 1996. Fox will not exercise any control over the content of the Candidates' statements.

The following additional structural safeguards will be implemented in order to assure fairness and comparable exposure to the Candidates:

1. The position statements of each candidate responsive to each issue will be broadcast in prime-time programs of comparable audience size.
2. The order of the Candidates' statements will be determined initially by coin toss or by drawing straws, and will reversed (or followed in sequence if there are more than two participating candidates) in each broadcast for the duration of the series.
3. The ten events will be regularly scheduled during the designated 30-day period preceding the general election, and will receive advance promotion.

Fox submits that these safeguards, in addition to the mechanism for selecting the candidates, selecting the topics to be addressed and formulating the questions to the Candidates, will satisfy "Congress' intent that the programs be of genuine news value and not be used to advance the candidacy of a particular individual." Henry Geller, 95 F.C.C.2d 1236, 1243, aff'd sub nom. League of Women Voters Educ. Fund v. FCC, 731 F.2d 995 (D.C. Cir. 1983).

Fox believes that, in view of both the proposed format of the series and the complicated and unpredictable schedules of the Candidates in the month preceding the general election, it will be impracticable to present live coverage of

each of the Candidates' ten position statements. Accordingly, Fox will make production facilities available, free of charge and at mutually convenient times and locations, for the Candidates to record their statements live on videotape. 4/

B. News Event Coverage of Election-Eve Candidate Presentations.

In addition to the short-form news event coverage discussed above, Fox proposes to make available one hour of its prime-time network schedule on Monday evening, November 4, 1996, to provide news event coverage of longer, back-to-back statements by each Candidate. These statements will consist of the final campaign message in response to the question, "Why should the American voter vote for you?" The hour will be divided equally among the Candidates. Fox will not exercise any control over the content of the Candidates' statements, and the order of the presentations will again be determined by coin toss (or by drawing straws). For the reasons discussed above, Fox also will provide production facilities free of charge at mutually agreeable times and locations for the recording of the Candidates' statements.

4/ This process will require that the Candidate appear live and provide his responses, without any opportunity to edit or otherwise modify or enhance the responses in the post-production process.

II. FOX'S PROPOSALS QUALIFY FOR EXEMPTION FROM THE EQUAL OPPORTUNITIES REQUIREMENT OF SECTION 315(a).

Like the other exemptions from the equal opportunities requirement of Section 315(a), the "*bona fide* news interview" and "on-the-spot" news coverage exemptions are intended to strike a balance between, on the one hand, the guaranteed equal treatment of political candidates, and, on the other,

the right of the public to be informed through broadcasts of political events . . . [and] the discretion of the broadcaster to be selective with respect to the broadcasting of such events.

Hearings on Political Broadcasts--Equal Time Before the Subcommittee on Communications and Power of the House Committee on Interstate Foreign

Commerce, 86th Cong., 1st Sess. 2 (1959) (comments of Chairman Harris). As

explained below, Fox respectfully submits that its proposals satisfy the

Commission's criteria for exemption from the equal opportunities requirement of Section 315(a) with respect to either of these provisions.

Both Fox's short-form and election-eve presentations "reasonably may be viewed as news 'events' subject to broadcast coverage" in the exercise of Fox's good faith news judgment. King Broadcasting Company, supra, at 4999 (back-to-back candidate presentations alternating with candidate interviews collectively exempt under Section 315(a)(4)). The Commission has concluded that there is "no significant distinction between coverage of this sort of political 'event' [i.e., alternating candidate presentations] and the candidate debates we previously have deemed to be news 'events.'" Id. Accordingly, the spoken presentations by the Candidates on issues of concern to voters proposed to be broadcast by Fox, "by any

reasonable standard, are news 'events' within the contemplation" of the "on-the-spot" exemption. Id. at 5000. See also Henry Geller, supra, at 1246-47 (delayed broadcasts qualify for Section 314(a)(4) exemption).

Guided by prior Commission decisions, Fox has designed structural safeguards that will ensure that there is no candidate favoritism. See Aspen Institute Program, 55 F.C.C.2d 697 (1975), aff'd sub nom. Chisholm v. FCC, 538 F.2d 349 (D.C. Cir.), cert. denied, 429 U.S. 890 (1976) (exempt presentations must be broadcast in non-discriminatory manner). Each candidate will receive an identical amount of time to respond to each of a series of ten identical questions; thereafter, on November 4, each candidate will be given an identical amount of time for an extended statement in response to a final question. Cf. King Broadcasting Company, supra, at 4999 ("the mere fact that the presentations allow the candidates to present their views in the most favorable light, without spontaneous interaction with the press or opposing candidates, does not preclude application of the news event exemption"). In addition, Fox has removed itself completely from the process of selecting participating candidates. The Fox news event coverage will treat equally all those candidates deemed eligible by the Commission on Presidential Debates.

Fox submits that its proposals also satisfy, in form and substance, the three principal factors the Commission has considered in finding limited duration election-specific interview series qualified for exemption under the "bona fide news interview" provision of Section 315(a)(2). See, e.g., U.S. News and World Report,

L.P., 2 FCC Rcd 7101 (1987); The Pacifica Foundation, DA 94-639 (MMB 1994).

First, decisions regarding the format, content, scheduling and production will be made by Fox "in the exercise of its *bona fide* news judgment and not for the political advantage of the candidate for public office." U.S. News and World Report, supra, at 7102, quoting H. Rep. No. 1069, 86th Cong., 1st Sess. 4 (1959).

Second, the presentations will be regularly scheduled during the 30-day period preceding the general election, "with the intention to continue the series to coincide with the advent of future Presidential elections." Id. (limited duration, "election-specific" series satisfy "regularly scheduled" criterion). See also Media and Society Seminars, 56 R.R.2d 1150, 1153 (MMB 1984) ("[o]nly where the scheduling of a program is used as a vehicle to advance the political aspirations of a participant would the Commission question its proximity to an election"). Third, the programs will originate with and be under the control of the Fox network. See U.S. News and World Report, L.P., supra, at 7102.

Indeed, although in "a typical interview format, there can be no guarantee that competing candidates will be given precisely equal treatment" (King Broadcasting Company, supra, at 5000), Fox's proposed format will do exactly that. Furthermore, the duration of the short-form candidate responses does not affect their entitlement to the exemption. See Silver King Broadcasting Co., 64 R.R.2d 1440 (MMB 1988) (segments of three to four and one-half minutes' duration qualify as exempt news interview programs); National Broadcasting Co., Inc., 60 R.R.2d 1068 (MMB 1986).

III. CONCLUSION

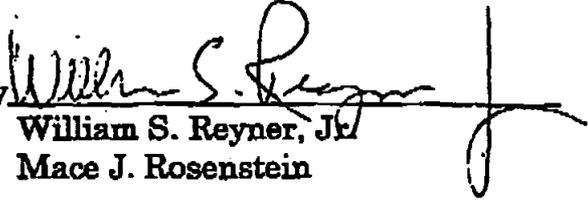
Fox submits that its proposals will unquestionably serve the public interest by providing enhanced coverage of the 1996 presidential election in a manner fully consistent with Congress' objectives both to treat all candidates equally and to ensure maximum coverage of political news and information.

- Fox's proposals will permit the wide dissemination by a free, over-the-air television network of political news and information.
- The format and content of the programs will be determined by Fox in exercise of its good faith journalistic judgment, and the selection methodology, formulation of questions and other structural safeguards designed by Fox will guarantee against even the possibility of "favoritism or bias." King Broadcasting Co. v. FCC, 860 F.2d at 467.
- Fox's proposals "will further Congress' intent to permit broadcasters to make a full and more effective contribution to an informed electorate" (King Broadcasting Company, supra, at 5000) without risking the chilling effect on public discourse protected by the First Amendment that could result from a rigid application of Section 315(a).
- Fox's proposals will mitigate the potential unfairness resulting from the high cost of broadcast advertising time in general, and of prime-time television time in particular.

Accordingly, for all the reasons stated herein, Fox respectfully requests that the Commission rule that its planned political coverage, as described above, is exempt from the equal opportunities provision of Section 315(a) of the Act.

Respectfully submitted,

FOX BROADCASTING COMPANY

By 
William S. Reyner, Jr.
Mace J. Rosenstein

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Washington, D.C. 20004
202/637-5600

Its Attorneys

April 25, 1996

FREE TV for straight talk coalition

April 16, 1996

Chairman Reed E. Hundt
Federal Communications Commission
1919 M Street N.W.
Washington, D.C. 20544

Dear Chairman Hundt,

We the undersigned request the Commission to convene an en banc hearing to promote a maximum contribution by the electronic media, especially broadcast television, to the coming general election campaign for president, with special focus on recent proposals to provide free network television air-time to the major presidential candidates.

Because it is relied upon so heavily by the public for news and information, the role played by television in its coverage of political affairs is crucial to a free society. Part of that role is to contribute as much as possible to a fully informed public and thus to interest that public in participating in this vital civic undertaking. While television does make a significant contribution in this respect, it is not, we submit, the maximum contribution that is so greatly needed in these times, particularly in light of indicia like low voter turnout and voter cynicism.

Therefore, prominent citizens, members of the press, politicians, academics, party leaders, and various network officials have all expressed a deep and growing concern over this state of affairs. Serious proposals to improve the situation raise the hope that the political media generally, and television in particular, can respond much more fully and positively to the electorate's need for substantive information regarding candidates and issues. Congressional interest in such proposals is growing as well.

The 1996 presidential campaign has become a focal point for these efforts. The Fox Network has offered to schedule free time for the major presidential candidates this fall. Our newly created group ---The Free TV for Straight Talk Coalition--- has urged all the networks voluntarily to offer the major presidential candidates a few minutes a night during prime-time for the culminating weeks of the 1996 presidential campaign.

We believe an en banc hearing before the FCC offers a timely and appropriate forum to explore the range of free television time proposals being considered, and to discuss the relevant legal and practical questions necessary to make free television a reality.

We are not suggesting the need for a formal proceeding of written comments and replies. Rather, an oral en banc proceeding will provide a full opportunity for network representatives, elected officials, academics, and concerned citizens to present their views on free television for the major presidential candidates. In addition, they may want to address the broader question of how the telecommunications media can better serve the public interest in public discourse and democratic decision-making. In doing so, the Commission will serve the public interest by facilitating this important, voluntary, and much needed development in political broadcast coverage. The Commission has previously acted to "encourage the larger and more effective use of [broadcasting] in the public interest" (47 U.S.C. Sec. 303(g)) in this political field (*see First Report*, 48 FCC2d 34 (1972)), and should do so now.

There is a second reason for the Commission to convene such a proceeding. The Commission has the statutory responsibility for enforcing the equal opportunities requirement of 47 U.S.C. Section 315 (a). The Fox Network has expressed its intention to seek a declaratory ruling from the FCC exempting its free time proposal from the relevant equal opportunities regulations. (47 C.F.R. Sections 73.1941 and 76.205). Accordingly, an en banc hearing will better enable the Commission to discharge its important function of affording guidance as to the application of the equal opportunities requirement and the exemptions thereto. In that connection, we believe that our proposal, under established precedent, does fall within the exemption in Section 315 (a)(4) and thus could go forward as a legal and practical matter.

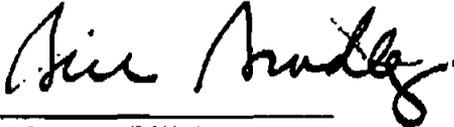
Other than the foregoing agency responsibility, we are not calling for any Commission action or government intervention into political broadcasting. Any such offer by the networks should and would be entirely voluntary and would be undertaken by them in discharge of their own responsible recognition, recently stressed by them, of their public trustee obligation. The broadcast industry is unique, in fact and in law (*see Turner Broadcasting Sys., Inc. v. FCC*, 114 S.Ct. 2445, 2456-57 (1994)), and therefore has a unique opportunity to make a maximum contribution sought in this vital civic area.

Much has been and will be given the broadcast industry, and thus much can be expected of them. It is therefore our hope that if the FCC brings together the interested parties and presides over a good faith discussion of free television proposals, the outcome may well be that the networks will find new ways to improve the political coverage of the presidential campaign. The presidential candidates may be given a new opportunity in such free network air-time to communicate their positions on a variety of topics with the electorate. But even more importantly, the American people will discover a new political forum in which their interest in the presidential campaign and knowledge of the issues will be greatly heightened.

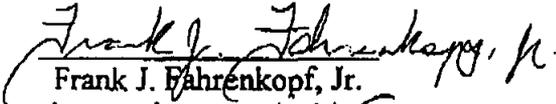
We believe our free television proposal is best, but are eager to hear all views at the FCC hearings. Because time is of the essence, we look forward to your decision to convene an en banc hearing at the earliest possible date.

Thank you for giving this matter and our request your consideration.

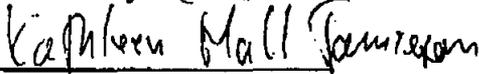
Sincerely,



Senator Bill Bradley



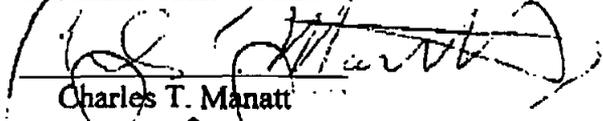
Frank J. Fahrenkopf, Jr.



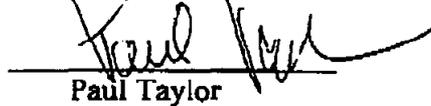
Kathleen Hall Jamieson



Senator John McCain



Charles T. Manatt



Paul Taylor

cc: Commissioner Rachelle B. Chong
Commissioner Susan Ness
Commissioner James H. Quello

Free TV for Straight Talk Coalition

Telephone (301) 857-2942
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FOR IMMEDIATE RELEASE **CONTACT: Craig Shirley & Associates (703) 739-5920**
April 15, 1996 **The Kamber Group (202) 223-8700**

MEDIA ADVISORY:

SENATOR BILL BRADLEY, SENATOR JOHN McCAIN, FRANK FAHRENKOPF, AND CHARLES MANATT TO ANNOUNCE CAMPAIGN FOR FREE TELEVISION TIME FOR PRESIDENTIAL CANDIDATES.

PROMINENT CELEBRITIES, JOURNALISTS, AND ACADEMICS UNITE TO SUPPORT "FREE TV FOR STRAIGHT TALK COALITION"

Washington, DC — April 15, 1996 — Leading media celebrities from both ends of the political spectrum will hold a press conference on Thursday, April 18th to announce the formation of the "Free TV for Straight Talk Coalition." The Coalition, which has recently embarked upon an aggressive advertising campaign, was formed to call on the television networks to offer free prime-time air time to the presidential candidates this fall.

"Free broadcast time has been proposed by many Americans over the years, from GOP vice-presidential candidate Frank Knox in the 1930's to Newton Minow in the 1960's to Walter Cronkite and our coalition in the 1990's. Free TV's moment has come," said Paul Taylor, a former reporter for the *Washington Post* and the principal organizer of the Coalition

WHO: Senator Bill Bradley (D-N.J.);
Senator John McCain (R-AZ);
Frank Fahrenkopf, former Chairman of the Republican National Committee;
Charles Manatt, former Chairman of the Democratic National Committee;
Paul Taylor, former reporter with the *Washington Post*;
Other public interest group and opinion leaders.
Fred Wevmeister, Roy Bailey, Curtis Gans

WHAT: Press conference announcing the Free TV for Straight Talk Coalition media campaign for free air time for presidential candidates.

WHEN: 11:00am on Thursday, April 18, 1996

WHERE: Valley Forge Room in the Hyatt Regency Washington
400 New Jersey Avenue, NW

For more information on the Free TV for Straight Talk Coalition, the press conference, or to schedule an interview with Paul Taylor, Frank Fahrenkopf, or Charles Manatt of the Coalition, please contact Abby Saunders of Craig Shirley & Associates at (703) 739-5920 or Christy Newton of the Kamber Group at (202) 223-8700.

Dear Network Executives:

Choosing a president is the most important political decision our nation makes.

In order to choose wisely, citizens need to be armed with information about the candidates and their platforms.

Television has a vital role to play in providing this information. It's our most powerful means of political communication.

Unfortunately, political campaigns too often unfold on television as a depressing spectacle of 30-second attack ads and eight-second sound bites. There isn't much room for substance. Citizens feel cheated, grow cynical, tune out.

There's a better way.

We call on the television networks to offer free prime time air time to the presidential candidates this fall for use in straightforward "talking head" presentations. No tricky images. No unseen narrators. No journalists. No surrogates. Just the candidates, making their best case to the biggest audience America assembles every night.

That's the way it's done in almost all the mature democracies of the world except ours. It may be no coincidence that they all have higher rates of voter turnout than we do.

We propose that during the last month of the campaign, the networks give anywhere from two to five prime time minutes per night to the principal candidates. If possible, these nightly segments should be "roadblocked"--shown simultaneously on all network stations, PBS and interested cable stations. Fox Broadcasting has already announced it is ready to offer free time.

With the candidates appearing on alternating nights, these brief speeches could play out as a running debate. They--and not the soundbites, attack ads or photos ops--could drive campaign strategy, journalistic coverage and issue discussion.

These new nightly presentations, combined with the four traditional debates, would enable the candidates to offer their ideas--directly and unfiltered--to tens of millions of citizens during the culminating month of the campaign.

They would also cause candidates to take clear responsibility for what they say. Any criticism of an opponent would come from candidates themselves. And the dialogue would be waged with words, which appeal to our powers of reason, rather than pictures, which often appeal to our emotions.

No other relatively small change offers so much promise of raising the level of campaign discourse.

The airwaves belong to the American people. They are made available to broadcasters without charge as a public trust.

We call on you to exercise that trust and perform an invaluable public service this fall. We urge you to turn television into a place where our presidential campaign can be waged with civility, accountability and substance.

Self p. 4

**SPEECH BY REED HUNDT
CHAIRMAN
FEDERAL COMMUNICATIONS COMMISSION
NATIONAL ASSOCIATION OF BROADCASTERS
ANNUAL CONVENTION
LAS VEGAS, NEVADA
(AS PREPARED FOR DELIVERY)
APRIL 16, 1996
AMERICA NEEDS QUALITY FREE TV**

Thanks, Phil, for your kind introduction.

I'm here straight from the entertainment capital of the world: Washington, D.C.

I'm so relieved to be in Vegas. It's much safer than Washington.

In Washington, I, as Chairman of the FCC, nearly ignited a scandal when I walked out on the now-notorious Don Imus speech at the TV and Radio Correspondents' Dinner.

The real reason I left was not to protest his remarks. It was because I didn't want to miss E.R.

As long as I'm on this subject: the main weekday reasons my wife and I try to stay up later than the kids are Chicago Hope on Monday, NYPD Blue on Tuesday, E.R. on Thursday, and Homicide on Friday.

My oldest son and I are crazy about the X Files, not that I understand the show. What does the X stand for? Why are Mulder and Scully wearing coats when they investigate things in San Diego?

My middle son likes NBA Inside Stuff. (Incidentally, if any of you think I'm overdoing the compliments, this is a twofer because Bob Iger's wife helps produce the show). And my daughter Sara is eagerly awaiting the souped-up educational shows on Animaniacs.

And, of course, all five of us in the Hundt family like the Star Trek clones.

That covers all the networks, doesn't it?

Don't these plugs make up for insisting on quantitative public interest requirements?

But it's the truth that prime time shows today are the video versions of the classic 20th century short stories of Hemingway, Hammett, Pritchett, Carver, and Ford. And they aren't read by thousands; they're watched by millions.

No artists have ever reached so many people so often as the artists of prime time TV do every night.

And these shows have punch.

Did any of you see the NYPD Blue episodes about racism or date rape? Smits, Franz, and Lawrence were scary swift in their characterizations. The writing was lyric, edgy, sharp. And the topics were controversial.

I'm not exaggerating when I say the whole country is bettered by TV art that exposes millions to the implicit vestiges of racism hidden in habit and slang or to the different attitudes of men and women over the nature of sexual consent.

When I got my job two and a half years ago there was a controversy about whether NYPD Blue was appropriate for TV. The late hour and the parental advisories settled this issue -- as I hope the industry's ratings system will do for all TV. And now, without the risk of censorship, Steve Bochco and his cohorts can turn out one great adult show after the other.

The terrific content of such broadcast programming builds communities of interest among Americans. It is at the core of why we value free TV.

Obviously if TV weren't attracting big crowds, we wouldn't care whether it was free or not. As Rupert Murdoch said in a great speech here yesterday, we need the free television networks to "remain the great engine of original programming and events."

Free TV has these characteristics: it is popular, it is universal, it informs, and it influences our society. Everybody wants to be on it. And everybody loves to talk about it.

Free TV is a wildly successful information-age version of the old town square.

A town square is a place where everyone can come and go freely. It has entertainment and sports. The library and the proverbial soap box are there. Ads, flea markets, concession stands are permitted.

But if the town square is fenced off and you have to buy a ticket to get in, then it's an amusement park.

That's the traditional difference between free TV and cable: the town square vs. the amusement park.

Now of course your cable competitors also have news and educational shows. They give free time to political candidates and offer first-rate children's programming, and I applaud them for it. But they are not substitutes for free and universal TV.

Preserving the TV town square is crucial to the success of our continuing experiment in democracy.

Universal, free, and popular broadcasting sends through the air a continuous message that we're all in this experiment together. It is crucially important that we don't have to buy a cable subscription to watch the Super Bowl or Sesame Street, the Clinton-Dole debates or the Olympics.

If each of us had to subscribe to participate in these events, they'd no longer be public goods. They would be just more rides in the electronic amusement park. America's already shaky sense of shared community would suffer another serious blow. And of course broadcasters would lose their singular distinction of being the media's fiduciaries to the American people.

Some people say that a free society deserves free TV. I say that in the information age a free society *needs* free TV, and that free TV needs both to entertain and to edify.

After all, the town square of free TV would not be complete without a soapbox and a newsstand and an ethic of free, open, diverse discussion and debate.

In my view, the most fundamentally anti-broadcast era in the history of the FCC was the period from 1981 to 1993. That's when the Commission said that broadcasters served the public interest simply by delivering whatever the market decided the public was interested in. In other words, broadcasting was just another commercial video business, no different from movies or Blockbuster Video or cable or satellite channels. If you believe that, then you believe broadcasters should pay to use the airwaves, the way MCI and Fox had to win an auction to get a satellite slot a few months ago.

You have to compete against cable and others for audience. And we need you both to succeed commercially and to give us the public interest programming that is not necessarily the first choice of advertisers and is not always commercially rewarding. It's not easy for you to deliver this product in a commercial market, but you can do it. And delivering specific amounts of real public interest programming gives you a special claim on our national loyalty, the people's trust, and favorable treatment in the law, from free spectrum to must-carry.

Yesterday Bob Wright acknowledged that digital technology provides an "opportunity to expand broadcasters' public interest service." But he complained that it is difficult for broadcasters to agree to do that in the absence of a "comprehensive regulatory framework for the future of broadcasting."

Bob Wright is correct. I urge broadcasters to lay out a comprehensive framework for digital and analog TV that would further the goals we all share: competition and the public interest. But isn't the FCC making this harder for you? Isn't the FCC's traditional practice of defining the public interest in vague, ambiguous and infinitely flexible terms an obstacle to any comprehensive, clear and reliable description of the combination of commercial success and public interest that makes broadcasting especially valuable to a free society? And isn't it simply a logical necessity to talk about quantified public interest obligations as broadcasters begin to operate in a digital, multichannel world of dynamic bandwidth and admixtures of voice, video and data?

Only clear, specific and quantifiable duties can end the debate over whether broadcasters are serving the public interest; can allow you to take the credit you deserve for what you do; and can help you guard against the industry's outliers, the bad apples that spoil the bunch.

As Bob Wright implied, the time to clarify our social compact is now, on the eve of broadcasters' conversion to digital. Now is the time for broadcasters to work with the Commission to write clear, specific, simple, and tradeable public interest duties that run with digital licenses.

But quite apart from the Commission's rules, the 21st century social compact between broadcasters and the American people will succeed if and only if broadcasters develop a tough and meaningful code of voluntary ethical behavior.

As Jim Quello and Howard Stringer have said, broadcasters need to redefine and recommit to ethical standards so as to serve the public interest. As Rich Frank and Barry Diller have said, those standards ought to be measurable and real. And as Rupert Murdoch said just yesterday, "[i]n news, education and politics, as well as every other aspect of public service, we must continue, and even strengthen, our commitment and thereby solidify our very special place in American culture."

These new ethical standards should not revive the out-of-date NAB Code discarded in the 70s. Our country is different; our problems are different; the public interest conduct that we need is different.

But it can still be clearly stated.

It starts with focusing on the needs of kids.

Broadcasters took a big step in the right direction by agreeing to rate their shows.

As Vice President Gore said in his terrific speech this morning, the V-chip is pro-child, pro-parent, pro-information, and pro-First Amendment. It is fundamentally pro-public interest and pro-broadcaster.

The V-chip is about giving parents the power to choose. But we also need to give them something to choose. And that brings us to educational children's television.

Why can't we find a way to guarantee a *minimum* amount of free educational TV for kids?

Most of you do three hours -- and wouldn't want to short-change your communities by doing less. Three hours a week is truly a modest amount, as over 100 Members of Congress observed in a letter endorsing that minimum. So wouldn't it be good ethics and good business for broadcasters to ask for -- or at least accept -- a floor of three hours of truly educational TV?

On that floor you could stand in front of America and brag with justice about what you're doing to teach our children.

And I'd be there holding up the applause sign.

I'm encouraged by the vision, creativity, and courage on this issue displayed by Ralph Gabbard, whom I know you respect as much as I do; and by the editorial pages of Broadcasting and Cable and Electronic Media. And I'm happy to report that I've had a constructive conversation with Eddie Fritts.

I also take heart from broadcaster initiatives outside the beltway. I recently got a letter I from Steve Sandlove, general manager of KSAS in Wichita, Kansas. He said he would try to convince broadcasters voluntarily to "road block" an hour of educational programming every Saturday morning so that strictly entertainment shows wouldn't peel children away from educational shows. What a terrific idea.



Another impressive initiative for the public interest is Fox's proposal to give free time to the presidential candidates this fall. The need for candidates to raise millions to sell themselves over the air like soap or software is threatening the viability of American democracy in the information age.

Earlier today, I received a letter from a distinguished bipartisan coalition, led by (among others) Senators McCain and Bradley, and the former heads of the Republican and Democratic Parties. They urge the Commission to hold a hearing on the need for broadcasters to donate free airtime to political candidates, and on the legal issues arising from such voluntary donations.

I think the Commission should hold this hearing as quickly as possible. This initiative presents an unparalleled opportunity for broadcasters to justify the special place of free TV in our hearts and laws.

But to serve the public interest, your programming also needs to follow an ethic of honesty and evenhandedness. Inconsistent with this ethic were the NAB-funded ads broadcast over the public's airwaves that argued against digital auction legislation.

There is a line here. It can't be written down and shouldn't be in a rule. As Republicans and Democrats have both said, the NAB ads crossed that line, both because they were inaccurate and because they shouldn't have been run even if they were accurate, unless and until the opposing point of view was represented.

For broadcasters to serve the public interest, we need to make sure our rules and our deregulation improves the industry's competitiveness. To this end, we will work closely with the Justice Department to preserve the must-carry rules against legal challenge in the Supreme Court.

We should give the green light to broadcasters who want to transmit digital data on their analog channels.

And we should do what we can to help broadcasters show advertisers how many people they really serve. In this connection, I'm aware that many broadcasters believe that Nielsen Media Research, the only company of its kind, undercounts younger viewers and is otherwise, in the words of NBC's chief audience researcher, "measurably deficient in reliability, accuracy and utility." If this is true, it harms free TV, harms competition, and harms the public interest. I think the FCC should look into it.

And most important for broadcasters' competitive success, at the FCC we should move forward on digital television so that if Congress agrees with the Clinton administration that broadcasters should be given the digital spectrum, the FCC can distribute the licenses quickly.

We're going to get out notices on the digital television standard in May and on allocating digital licenses in June or July.

As a lawyer I rely, like Blanche Dubois, on the charity of others when it comes to the details of the digital standard. But from what I'm told, the Advisory Committee standard is a remarkable achievement. It has both headroom for evolution and flexibility for innovation. I can't imagine any reason why broadcasters shouldn't be authorized to use this standard.

In the notice we ought to ask for your input on at least two important questions. First, how can we avoid writing more than 200 pages of technical details into the Code of Federal Regulations? Second, how can we balance the need for certainty about the standard with the goal of encouraging further advances in such areas as compression technology? The relevant industries will, I hope, give us a consensus solution in the comment period. Then we will make a prompt decision this year.

Ultimately, however, the success of digital television -- and your future as an industry -- hinges not on what the government does, but on what you do, and the degree to which you craft your own principles of professional ethics. Only you can keep your programming distinctive and popular enough to persuade the nation that it should continue to protect and watch you.

Only you can persuade the public that you are truly serving the public interest. Only by providing universal, free, popular, and civic-spirited programming can you continue to hold the trust and loyalty of the country.

I'm cheering you on. And I believe in your success. Even as competition intensifies from the amusement park down the information highway, I think the town square of broadcasting will remain forever the biggest draw in town.

Thank you.

JACK

2 - VP OFFICE

POL OFFICE

GEORGE

- JACOBI

BRAINSTORMING

CURTIN

REED/

WENIGER

WADMAN

Get Vicky
Jacobi
Five
assignments

someone has to be up
every few weeks
to keep track

FREE TV - FCC PETITION

"open docket"

place to take comments

Bill Canard - Gen'l Counsel

if there's a proceeding?

considering whether to
advise.

phy. of / notice
petition

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

23-Apr-1996 05:34pm

TO: (See Below)

FROM: Paul J. Weinstein, Jr
 Domestic Policy Council

SUBJECT: Campaign Finance Reform

You are invited to attend a meeting on campaign finance reform on Friday at 10:30 in room 211. The purpose of the meeting is to discuss ways in which highlight the President's leadership on this issue and his efforts in support of McCain-Feingold. In addition, we will discuss legislative strategy regarding McCain-Feingold in light of recent comments from its sponsors that they will bring the legislation to the floor as a rider later this spring.

Please be prepared to discuss the following issues:

1. Letter to Dole-Gingrich requesting floor time for McCain-Feingold.
2. Some action with regards to the FCC on the issue of free TV for Presidential, Senate and House races.
3. Actions with regards to broadcasters.
4. Event with signatories of the petition to broadcasters.

Please come prepared with any other ideas for moving this issue into the forefront of Presidential policy initiatives.

Distribution:

TO: Elena Kagan
TO: William Curry
TO: Michael Waldman -
TO: Kathleen M. Wallman /
TO: Peter Jacoby /
TO: James S. Rubin /

CC: Bruce N. Reed
CC: Karen L. Hancox

Handcuffing Campaign Reform

By E. Joshua Rosenkranz

As irate voters lash out at politicians who are unwilling to end the corrupting influence of money on politics, they should realize that another obstacle blocks genuine reform: *Buckley v. Valeo*, a 20-year-old Supreme Court decision that prohibits campaign spending caps and other measures necessary to reform campaign financing.

On Monday, the Court heard Colorado Republican Federal Campaign Committee v. Federal Election Committee, which presents its first opportunity in many years to reconsider the Buckley decision.

The Colorado Republican Party is challenging a 1974 Federal law that limits the amount a national or state party can spend on Congressional races. In 1986, the F.E.C. charged that the Colorado party exceeded the spending limit during a Senate race, which was eventually won by Tim Wirth, a Democrat. But the party argued, in essence, that the Buckley ruling allowed it to spend unlimited funds to elect a candidate.

Buckley arose out of Congress's comprehensive reforms, in the wake of Watergate, that imposed contribution limits and expenditure caps. The Court's decision (unsigned, but thought to be written by Justice Wil-

liam Brennan) teeters on the tenuous distinction between contributions and expenditures. The Court concluded that expenditures — the spending of money by a candidate or in support of a candidate — is speech and thus entitled to virtually unqualified First Amendment protection.

That means the Government cannot limit how much a Ross Perot or a Michael Huffington can sink into his own campaign. It means there are no limits on how much a candidate can raise, so long as each contribution

The First Amendment vs. spending limits.

falls within legal limits. And it means no lid on the funds an "independent" player, like the National Rifle Association or a wealthy benefactor, may spend promoting a candidate.

On the other hand, the Court held, contributions made directly to a candidate may be limited — but only if they are large enough to appear corrupt.

Buckley has spawned bizarre rules. In its name, courts have killed scores of innovative campaign reform laws, including \$100 limits on donations to a state race, bans on political action committees and bans on war chests — leftover campaign funds that politicians roll over to the next election.

In the years since Buckley was

decided, the distinction between expenditures and contributions has been blurred. A politician can be beholden to a fat cat who "independently" spends hundreds of thousands of dollars in support of his or her candidacy, without contributing a cent to the campaign. And a legislator will certainly be attentive to a benefactor who donates money to the state party, which helps get candidates get elected.

If, in the Colorado case, the Supreme Court decides in the state party's favor, it will create yet another loophole in campaign financing laws. For instance, corporations could get around laws forbidding them to contribute to a candidate by donating millions to a state party, which could then spend unlimited amounts of money to elect that candidate.

During Monday's arguments, several Justices asked Buckley's tired question: Is a political party's campaign spending a contribution (which may be limited under Buckley) or an expenditure (which may not be)?

That is a meaningless question. Instead, the Court should ask: "Will this law enhance the public's perception that elected officials cast votes based on their principles, not their purses?" If so, the Federal law limiting state party contributions should be upheld and Buckley reconsidered. □

Why Marry?

By Frank Browning

Thursday morning, and it's my turn to move our cars for street cleaning. Gene has already bribed the cats into silence with food.

So begins the day here in Windsor Terrace, a quiet Brooklyn neighborhood populated by many kinds of families: a lesbian couple next door — and beyond them an Italian widow who rents out rooms, an Irish-American grandmother who shares her house with her daughter's family, the multigenerational Korean family that owns the corner grocery.

We gay couples, of course, are not considered families under the law, a fact that the bishops and Buchananites insist will never change and that many gay activists have identified as

We homosexuals have invented richer alternatives.

America's next great civil rights struggle. Indeed, a court case in Hawaii may soon lead to that state's recognition of same-sex marriage.

I suppose it's a good thing for gay adults to be offered the basic nuptial rights afforded to others. We call that equal treatment before the law. But I'm not sure the marriage contract is such a good plan for us.

The trouble with gay marriage is not its recognition of our "unnatural unions." The problem is with the shape of marriage itself. What we might be better off seeking is civic and legal support for different kinds of families that can address the emotional, physical and financial obligations of contemporary life. By rushing to embrace the standard marriage contract, we could stifle one of the richest and most creative labora-

Frank Browning is the author of "A Queer Geography: Journeys Toward A Sexual Self."

tories of family experience.

We gay folk tend to organize our lives more like extended families than nuclear ones. We may love our mates one at a time, but our "primary families" are often our ex-lovers and our ex-lovers' ex-lovers.

The writer Edmund White noticed this about gay male life 20 years ago; he called it the "banyan tree" phenomenon, after the tree whose branches send off shoots that take root to form new trunks. Nowhere has the banyan-tree family proved stronger than in AIDS care, where often a large group of people — ex-mates and their friends and lovers — tend the sick and maintain the final watch.

Modern marriage, by comparison, tends to isolate couples from their larger families and sometimes from friends — especially if they are ex-lovers. And a nuclear family with working parents has often proved less than ideal in coping with daily stresses or serious illness.

The marriage model could prove especially problematic for rearing children. In a gay family, there are often three parents — a lesbian couple, say, and the biological father. Sometimes, four or five adults are committed to nurturing the children. In such cases, a marriage between two might bring second-class status to the rest of the extended family and diminish their parental roles.

(Those who think that only a father and mother can successfully raise a child should visit Italy, Japan, Greece, Thailand or American family archives, which show that before World War II, grandparents, aunts, uncles and older siblings had vital child-rearing roles.)

Precisely because homosexuals have resided outside the law, they have invented family forms that respond to late 20th-century needs, while formulating social and moral codes that provide love, freedom and fidelity (if not always monogamy).

All I need do is look up and down Windsor Terrace to see that the family includes all sorts of relationships and obligations.

Each of us, hetero or homo, has a stake in nurturing a diverse landscape of families. Only a minority of us have marriages like Donna Reed's or Harriet Nelson's. Even Pat Buchanan knows that. □

PHOTOCOPY
PRESERVATION

CAMPAIGN FINANCE REFORM PRINCIPLES

The President has outlined the following bottom-line test for his support for campaign finance reform legislation:

- . Reform legislation must make our government more representative not less representative.
- . Reform legislation must make our elected officials more likely to promote the public interest, even when it conflicts with powerful special interest.

The President will support and sign into law campaign finance reform legislation that is consistent with the approach he outlined in *Putting People First*. The legislation must include limits on spending, curb the influence of Political Action Committees (PACs) and lobbyists, and end the current soft money system. In addition, the President believes that effective campaign finance reform legislation should discourage attack ads by requiring candidates to take responsibility for putting them on the air and must provide free television time for candidates so that they can directly to citizens about real issues and real ideas.

The President supports campaign finance reform legislation that includes the following provisions:

- . **Spending Limits and Benefits** -- Voluntary spending limits should be set in place.
- . **Free Broadcast Time** -- Complying candidates should be entitled to at least 30 minutes of free broadcast time.
- . **Broadcast Discounts** -- Broadcasters should be required to sell advertising to a complying candidate at at least 50 percent of the lowest unit rate.
- . **Reduced Postage Rate** -- Candidates should be able to send up to two pieces of mail to each voting-age resident at the lowest 3rd class non-profit bulk rate.
- . **New Variable Contribution Rate** -- If a candidate's opponent does not abide by the spending limits or exceeds the limits, the complying candidate's individual contribution limit is raised from \$1,000 to \$2,000 and the complying candidate's spending ceiling is raised by 20 percent.
- . **PAC Ban** -- PAC contributions to candidates should be banned. If the PAC ban is ruled unconstitutional, then the PAC contribution should be lowered to \$1,000.
- . **Franked Mailings** -- Franked mailings should be banned in the year of a campaign.
- . **Personal Funds** -- Complying candidates should be restricted from spending more than x amount from their personal funds.
- . **Soft Money** -- There should be limitations on the use of soft money and greater disclosure of soft money contributions.

The Bipartisan Clean Congress Act of 1995 and Senate Campaign Finance Reform Act of 1995

	<u>H.R. 2566</u> (Meehan-Smith)	<u>S 1219</u> (McCain-Feingold-Thompson)
PAC Contributions	Eliminates PAC contributions in federal elections. If the ban is ruled unconstitutional, it would limit individual PAC contributions to \$1,000 per election (the same as an individual contribution) and aggregate PAC contributions to any candidate to 25% of the spending limit.	Ban on PAC contributions. If the ban is ruled unconstitutional, backup limits will also be included. They will require candidates to raise less than 20% of their campaign funds from PACs and will lower the PAC contribution limits from \$5,000 to \$1,000 .
Voluntary Spending Limits	Sets a limit of \$600,000 in House races with benefits of TV, radio, and postage rate discounts for political advertising. Candidates purchasing TV or radio time 30 days prior to a primary election or 60 days before a general election shall be charged 50% below the lowest charge for the same amount of time for the same period on the same date. Postage rate discount--3 mailings to the voting-age population of the congressional district; 3rd-class, special nonprofit bulk rate.	Spending limits would be based on each state's voting-age population, ranging from a high of \$8.1 million in a large state like California to a low of \$1.5 million in a smaller state like Wyoming. Candidates that voluntarily comply with spending limits would receive free broadcast time (30 min. of free time during prime time), broadcast discounts (at 50% of the lowest rate available), reduced postage rate (send up to 2 pieces of mail to each voting-age resident at the lowest 3rd-class nonprofit bulk rate).
Personal Funds	Candidates who agree to this system must also limit personal funds to their campaign, large contributions and out-of-district donations. If their opponents do not adhere to these limits, then complying candidates would receive more generous contribution and spending limits . (See bill for exact figures)	If a complying candidate is faced with an opponent who declares an intent to spend personal funds in excess of \$250,000 , the individual contribution limits are raised for complying candidate from \$1,000 to \$2,000 .
Home State Contributions	Requires candidates to raise 60% of contributions from within their home state. At least 50% of the home state amount shall come from individuals residing in the candidate's congressional district.	Requires candidates to raise 60% of contributions from within their home state.
Individual Contributions	Caps individual contributions exceeding \$250 to an aggregate limit of no more than 25% of the spending limit.	

Lobbyist Contributions

Limits contributions from registered lobbyists to \$100 per election (current limit is \$1,000 per election)

Franked Mail

Bans franked mass mailings in the calendar year of an election.

Bans franked mass mailings in the calendar year of an election.

Soft Money

Eliminates the use of soft money in federal elections. **Political parties--no national party committee** may solicit, receive, or spend any funds which are not subject to limitations, prohibitions, or reporting requirements under federal law. This would prohibit national committees from raising unlimited funds for "non-federal" accounts, which have been used to influence federal elections. **State or local party committees** which engage in any activity in a federal election year which might affect the outcome of a federal election can spend only funds subject to limitations, prohibitions and reporting requirements of the Act for such activities. Certain listed state campaign activities are expressly exempted from this requirement. Funds spent by state or local party committees to raise funds to be used for any activity which might affect the outcome of a federal election are also subject to the requirements of federal election law. No candidate for federal office or federal officeholder can solicit or receive any funds in connection with a federal election unless such funds are subject to the limitations, prohibitions and reporting requirements of the Act.

No candidate for federal office or federal officeholder can establish or control a **501(c) tax exempt organization** if the organization raised money from the public. **Persons other than political parties--Requires greater closure for internal communications by corporations and unions that spend in excess of \$2,000 for any activity which might affect the outcome of a federal election, including voter registration and get-out-the-vote activity and any generic campaign activity.** A report of such disbursements must be filed with the FEC within 48 hrs. after the

New limits and full disclosure of soft money contributions. **Political parties--no national party committee** shall solicit or receive any contributions, donations, or transfers of funds, or spend any funds not subject to the limitations, prohibitions, and reporting requirements of this Act. Any amount expended or dispensed by a **State, district, or local party committee** which might affect the outcome of a Federal election shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act. Any amount spent to raise funds that are used to pay the costs of any activity which might affect an election outcome shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act for any **national, State, district, or local committee**. No **national, State, district, or local comm.** shall solicit any funds for or make any donations to any organization that is exempt from Federal taxation under 26 U.S.C. No candidate for **Federal office, Federal officeholder, or any agent** of such candidate or officeholder, may solicit receive any funds in connection with any Federal election unless such funds are subject to the limitations, prohibitions, and reporting requirements of this Act. **Persons other than political parties--** If any person to which (sec. 325) does not apply makes disbursements for activities described above in excess of \$2,000, such person should file a statement on or before the date that is 48 hrs. before the disbursements are made or in the case that they are required to be made within 14 days of the election, on or before such 14th day.

disbursements are made (or within 24 hrs. for such disbursements made within 20 days after the election).

Bundling

Ends the practice of bundling (grouped donations from individuals from the same organization)

Ban on bundling.

Independent Expenditures

Tightens reporting requirements on independent expenditures.

Clarifies definitions relating to independent expenditures. The person making the expenditure shall include any officer, director, employee, or agent of such person.

Political Advertising

Strengthens the disclaimer requirements for political advertising.

Increased disclosure and accountability for those who engage in political advertising.

Use of Campaign Funds for Personal Purposes

Codifies recent FEC regulations on personal use of campaign funds. Candidates may not use campaign funds for inherently personal purposes.

Bans personal use of campaign funds:

CQ's WASHINGTON ALERT 02/23/96

HR2566 Smith Linda (R-WA) 10/31/95 (1861 lines)
Introduced in House

To reform the financing of Federal elections, and for other purposes.

Special typefaces used in this bill version:

// \\ Italic
!! !! Bold roman

Item Key: 6494

104TH CONGRESS
1ST SESSION

H. R. 2566

To reform the financing of Federal elections, and for other purposes.

=====
IN THE HOUSE OF REPRESENTATIVES

October 31, 1995

Mrs. SMITH of Washington (for herself, Mr. MEEHAN, Mr. SHAYS, Mr. MINGE, Mrs. ROUKEMA, Mr. BEREUTER, Mr. POSHARD, Mr. CARDIN, Mr. LEACH, Mr. HORN, Mr. INGLIS of South Carolina, and Mr. FORBES) introduced the following bill; which was referred to the Committee on House Oversight

=====
A BILL

To reform the financing of Federal elections, and for other purposes.

//Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,\\

!!SECTION 1. SHORT TITLE.!!

This Act may be cited as the "Bipartisan Clean Congress Act of 1995".

!!SEC. 2. TABLE OF CONTENTS.!!

The table of contents of this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I--HOUSE OF REPRESENTATIVES ELECTION SPENDING LIMITS AND BENEFITS

- Sec. 101. House of Representatives election spending limits and benefits.
- Sec. 102. Broadcast rates and preemption.
- Sec. 103. Reduced postage rates.
- Sec. 104. Contribution limit for eligible House of Representatives candidates.
- Sec. 105. Reporting requirements.

TITLE II--REDUCTION OF SPECIAL INTEREST INFLUENCE

SUBTITLE A--ELIMINATION OF POLITICAL ACTION COMMITTEES FROM FEDERAL ELECTION ACTIVITIES

- Sec. 201. Ban on activities of political action committees in Federal elections.
- Sec. 202. Aggregate limit on large contributions.
- Sec. 203. Contributions by lobbyists.

SUBTITLE B--PROVISIONS RELATING TO SOFT MONEY OF POLITICAL PARTIES

- Sec. 211. Soft money of political parties.
- Sec. 212. Reporting requirements.
- Sec. 213. Building fund exception to the definition of the term "contribution".

SUBTITLE C--SOFT MONEY OF PERSONS OTHER THAN POLITICAL PARTIES

- Sec. 221. Soft money of persons other than political parties.

SUBTITLE D--CONTRIBUTIONS

- Sec. 231. Contributions through intermediaries and conduits.

SUBTITLE E--ADDITIONAL PROHIBITIONS ON CONTRIBUTIONS

- Sec. 241. Allowable contributions for candidates.

SUBTITLE F--INDEPENDENT EXPENDITURES

- Sec. 251. Provisions relating to independent expenditures.
- Sec. 252. Reporting requirements for certain independent expenditures.

TITLE III--MISCELLANEOUS PROVISIONS

- Sec. 301. Restrictions on use of campaign funds for personal purposes.
- Sec. 302. Campaign advertising amendments.
- Sec. 303. Filing of reports using computers and facsimile machines.
- Sec. 304. Audits.
- Sec. 305. Change in certain reporting from a calendar year basis to an election cycle basis.
- Sec. 306. Disclosure of personal and consulting services.
- Sec. 307. Use of candidates' names.
- Sec. 308. Reporting requirements.
- Sec. 309. Simultaneous registration of candidate and candidate's principal campaign committee.
- Sec. 310. Independent litigation authority.
- Sec. 311. Insolvent political committees.
- Sec. 312. Regulations relating to use of non-Federal money.

Sec. 313. Term limits for Federal Election Commission.
 Sec. 314. Authority to seek injunction.
 Sec. 315. Expedited procedures.
 Sec. 316. Official mass mailing allowance.
 Sec. 317. Provisions relating to members' official mail allowance.
 Sec. 318. Intent of Congress.
 Sec. 319. Severability.
 Sec. 320. Expedited review of constitutional issues.
 Sec. 321. Effective date.
 Sec. 322. Regulations.

!!TITLE I--HOUSE OF REPRESENTATIVES ELECTION SPENDING
 LIMITS AND BENEFITS!!

!!SEC. 101. HOUSE OF REPRESENTATIVES ELECTION SPENDING LIMITS AND
 BENEFITS.!!

The Federal Election Campaign Act of 1971 is amended by adding
 at the end the following new title:

!!"TITLE V--SPENDING LIMITS AND BENEFITS FOR HOUSE OF
 REPRESENTATIVES ELECTION CAMPAIGNS!!

!!"SEC. 501. CANDIDATES ELIGIBLE TO RECEIVE BENEFITS.!!

"(a) IN GENERAL.--For purposes of this title, a candidate is an
 eligible House of Representatives candidate if the Commission has
 certified, pursuant to section 504, that the candidate--

"(1) meets the election cycle filing requirements of
 subsection (b); and

"(2) meets the threshold contribution requirements of
 subsection (c).

"(b) FILING REQUIREMENTS.--

"(1) IN GENERAL.--The requirements of this subsection are
 met if the candidate files with the Commission under penalty of
 perjury a declaration that--

"(A) the candidate and the candidate's authorized
 committees--

"(i) will not exceed the expenditure limits under
 section 502(a), (b), and (c);

"(ii) will not accept contributions in excess of
 the election cycle expenditure limit, reduced by any
 amounts transferred to this election cycle from a
 preceding election cycle;

"(iii) will not, in the event of a runoff election,
 accept contributions in excess of the runoff expenditure
 limit, reduced by any amounts transferred to this
 election cycle from a preceding election cycle; and

"(iv) will not accept any contributions in
 violation of section 315; and

"(B) the candidate intends to make use of the benefits
 provided under section 503.

"(2) DEADLINE FOR FILING DECLARATION.--The declaration
 under paragraph (1) shall be filed the date the candidate files
 as a candidate for the primary election. In the case of a
 candidate who is not eligible to participate in a primary
 election but qualifies for the general election ballot under
 State law, the declaration under paragraph (1) shall be filed
 not later than the date the candidate qualifies for the general
 election ballot under State law."

"(3) NOTIFICATION.--A candidate who--

"(A) files a declaration pursuant to subsection (b)(1) of this Act; and

"(B) subsequently acts in a manner inconsistent with any of the limitations or requirements of the declaration filed under subsection (b)(1) shall file a notification regarding such acts with the Commission not later than 24 hours after the first such act inconsistent with any of the limitations or requirements and shall at the same time notify all other candidates for the same office by sending a copy of the notification filed with the Commission by certified mail, return receipt requested.

"(c) THRESHOLD CONTRIBUTION REQUIREMENTS.--

"(1) IN GENERAL.--The requirements of this subsection are met if the candidate and the candidate's authorized committees have received allowable contributions during the applicable period in an amount equal to 10 percent of the election cycle expenditure limit under section 502(b), and file with the Commission under penalty of perjury a statement with supporting materials demonstrating that this requirement has been met.

"(2) DEFINITIONS.--For purposes of this Act--

"(A) the term 'allowable contributions' means contributions that are made as gifts of money by an individual pursuant to a written instrument identifying such individual as the contributor, except that such term shall not include contributions from individuals residing outside the candidate's State to the extent such contributions exceed 40 percent of the amount set forth in paragraph (1), provided that--

"(i) no more than \$200 of any contribution from an individual shall be taken in account;

"(ii) at least 50 percent of the amount required to be raised in the candidate's State comes from contributions from individuals residing in the congressional district of such candidate; and

"(iii) such term shall not include any contribution within the meaning of section 315(a)(8), as amended by section 231; and

"(B) the term 'applicable period' means--

"(i) the period beginning on January 1 of the calendar year preceding the calendar year of the general election involved and ending on the date of the general election; or

"(ii) in the case of a special election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress, the period beginning on the date the vacancy in such office occurs and ending on the date of the general election.

!!"SEC. 502. LIMITATION ON EXPENDITURES.!!

"(a) LIMITATION ON USE OF PERSONAL FUNDS.--

"(1) IN GENERAL.--The aggregate amount of expenditures that may be made during an election cycle by an eligible House of Representatives candidate or such candidate's authorized committees from the sources described in paragraph (2) shall not exceed 10 percent of the election cycle expenditure limit under subsection (b).

"(2) SOURCES.--A source is described in this subsection if it is--

"(A) personal funds of the candidate and members of the candidate's immediate family; or

"(B) personal loans incurred by the candidate and members of the candidate's immediate family.

"(b) ELECTION CYCLE EXPENDITURE LIMIT.--

"(1) IN GENERAL.--Except as otherwise provided in this title, the aggregate amount of expenditures for an election cycle by an eligible House of Representatives candidate and the candidate's authorized committees shall not exceed \$600,000.

"(2) INDEXING.--The amount under paragraph (1) shall be increased as of the beginning of each calendar year based on the increase in the price index determined under section 315(c), except that the base period shall be calendar year 1996.

"(c) RUNOFF EXPENDITURE LIMITS.--The aggregate amount of expenditures for a runoff election by an eligible House of Representatives candidate and the candidate's authorized committees shall not exceed 20 percent of the election cycle expenditure limit under subsection (b).

"(d) PAYMENT OF TAXES.--The limitation under subsection (b) shall not apply to any expenditure for Federal, State, or local taxes with respect to earnings on contributions raised.

"(e) CONTESTED PRIMARY.--If, as determined by the Commission, an eligible House of Representatives candidate in a contested primary wins that primary election by a margin of 10 percent or less, the limitation contained in subsection (b)(1) shall be increased by 30 percent for such candidate, and such candidate shall be entitled to raise additional contributions not to exceed this amount.

"(f) COMPLYING CANDIDATES RUNNING AGAINST NONCOMPLYING CANDIDATES.--

"(1) If in the case of an election with more than one candidate where any candidate either--

"(A) fails to be certified as an eligible candidate by the Commission and has expended personal funds in excess of 10 percent of the election cycle limits contained in subsection (b) or has received contributions or expended personal funds which in the aggregate exceed 70 percent of the election cycle limits contained in subsection (b), or

"(B) violates the limitations on expenditures of this Act, any eligible House of Representatives candidate in that election shall be permitted to raise additional contributions up to an amount equal to 50 percent of the election cycle limit contained in subsection (b).

"(2) If the candidate who has failed to be certified as an eligible candidate or who has violated the limitations on expenditures of this Act has received contributions or expended personal funds which, in the aggregate, exceed 120 percent of the election cycle limits contained in this section, any eligible House of Representatives candidate in that election shall be permitted to raise additional contributions up to an amount equal to 100 percent of the election cycle limit contained in subsection (b).

"(3) In the event a noncomplying candidate as defined in subparagraphs (A) or (B) of paragraph (1) spends an amount equal to 105 percent of the election cycle limit contained in subsection (b), the election cycle limit contained in subsection (b) for an eligible House of Representatives candidate in such election shall be increased by 50 percent. In the event a noncomplying candidate spends an amount equal to 155 percent of the election cycle limit contained in subsection (b), the

election cycle limit in subsection (b) for an eligible House of Representatives candidate in such election shall be increased by 100 percent.

"(g) RESPONDING TO INDEPENDENT EXPENDITURES.--In the event an eligible House of Representatives candidate is notified pursuant to section 304(c)(4) by the Commission that independent expenditures totaling in the aggregate \$25,000 or more have been made in the same election in favor of another candidate or against such eligible candidate, such eligible candidate shall be permitted to spend an amount equal to the amount of such independent expenditures, without such expenditures being subject to such eligible candidates' election cycle expenditure limit in subsection (b), as may be modified by subsection (c), (e), or (f).

!!"SEC. 503. BENEFITS ELIGIBLE CANDIDATES ENTITLED TO RECEIVE.!!

"For any election in which an eligible House of Representatives candidate has at least one opponent who has qualified for the ballot and who has raised in contributions or expended in personal funds an amount equal to 10 percent of the election cycle limit in section 502(b), such eligible candidate shall be entitled to receive--

"(1) the broadcast media rates provided under section 315(b) of the Communications Act of 1934; and

"(2) the reduced postage rates provided in section 3626(e) of title 30, United States Code.

!!"SEC. 504. CERTIFICATION BY COMMISSION.!!

"(a) IN GENERAL.--The Commission shall determine whether a candidate has met the requirements of this title and, based upon that determination, shall issue a certification stating whether or not such candidate is eligible to receive benefits under this title.

"(b) CERTIFICATION.--Upon receipt of the declaration required under section 501(b) and the statement required under section 501(c), and such other information as the Commission may by regulation require, the Commission shall determine if such candidate meets the eligibility requirements in section 501 and, if so, shall certify the candidate's eligibility for the benefits referred to in section 503. The Commission shall revoke such certification if, based on relevant information submitted in such form and manner as the Commission may require or based on relevant information that otherwise comes to its attention, it determines a candidate fails to continue to meet any of the requirements of this title, including the limitations on expenditures set forth in section 502(a), (b) and (c).

"(c) DETERMINATION BY COMMISSION.--All determinations (including certifications under this section) made by the Commission under this title shall be final, except to the extent that they are subject to examination and audit by the Commission under section 505 and subject to judicial review.

!!"SEC. 505. REPAYMENTS; ADDITIONAL CIVIL PENALTIES.!!

"(a) MISUSE OF BENEFITS.--If the Commission determines that any benefit made available to an eligible House of Representatives candidate under this title was not used as provided for in this title, or that an eligible candidate has violated any of the spending limits contained in this Act or otherwise revokes the certification of a candidate as an eligible House of Representatives

candidate, the Commission shall so notify the candidate and the candidate shall pay to the provider of such benefits received an amount equal to the value of the benefits received under this title.

"(b) CIVIL PENALTIES.--

"(1) LOW AMOUNT OF EXCESS EXPENDITURES.--Any eligible House of Representatives candidate who makes expenditures that exceed a limitation under this title by 2.5 percent or less shall pay to the Commission an amount equal to the amount of the excess expenditures.

"(2) MEDIUM AMOUNT OF EXCESS EXPENDITURES.--Any eligible House of Representatives candidate who makes expenditures that exceed a limitation under this title by more than 2.5 percent and less than 5 percent shall pay to the Commission an amount equal to 3 times the amount of the excess expenditures.

"(3) LARGE AMOUNT OF EXCESS EXPENDITURES.--Any eligible House of Representatives candidate who makes expenditures that exceed a limitation under this title by 5 percent or more shall pay to the Commission an amount equal to 3 times the amount of the excess expenditures plus a civil penalty to be imposed pursuant to the procedures of section 309 of this Act (2 U.S.C. 437(g))."

!!SEC. 102. BROADCAST RATES AND PREEMPTION!!

(a) BROADCAST RATES.--Section 315(b) of the Communications Act of 1934 (47 U.S.C. 315(b)) is amended--

(1) by striking "(b) The charges" and inserting "(b)(1) The charges";

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

(3) in paragraph (1)(A), as redesignated--

(A) by striking "forty-five" and inserting "30"; and

(B) by striking "lowest unit charge of the station for the same class and amount of time for the same period" and inserting "lowest charge of the station for the same amount of time for the same period on the same date"; and

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

"(2) In the case of an eligible House of Representatives candidate (as described in section 501(a) of the Federal Election Campaign Act of 1971), the charges for the use of a television or radio broadcasting station during the 30-day period and 60-day period referred to in paragraph (1)(A) shall not exceed 50 percent of the lowest charge described in paragraph (1)(A)."

(b) PREEMPTION; ACCESS.--Section 315 of such Act (47 U.S.C. 315) is amended--

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by inserting immediately after subsection (b) the following subsection:

"(c)(1) Except as provided in paragraph (2), a licensee shall not preempt the use, during any period specified in subsection (b)(1)(A), of a broadcasting station by an eligible House of Representatives candidate who has purchased and paid for such use pursuant to subsection (b)(2).

"(2) If a program to be broadcast by a broadcasting station is preempted because of circumstances beyond the control of the broadcasting station, any candidate advertising spot scheduled to be

broadcast during that program may also be preempted."

(c) REVOCATION OF LICENSE FOR FAILURE TO PERMIT ACCESS.-- Section 312(a)(7) of the Communications Act of 1934 (47 U.S.C. 312(a)(7)) is amended--

- (1) by striking "or repeated";
- (2) by inserting "or cable system" after "broadcasting station"; and
- (3) by striking "his candidacy" and inserting "the candidacy of such person, under the same terms, conditions, and business practices as apply to its most favored advertiser".

(d) JURISDICTION OVER TAKINGS CHALLENGE TO BROADCAST RATES.-- The United States Court of Federal Claims shall have exclusive jurisdiction over any action challenging the constitutionality of the broadcast media rates required to be offered to political candidates under section 503(1) of the Federal Election Campaign Act of 1971 and section 315(b) of the Communications Act of 1934. Money damages shall be the sole and exclusive remedy in such cases, and only individuals or entities suffering actual financial injury shall have standing to maintain such an action.

(e) CONDITION OF RENEWAL OR NEW LICENSE.--Section 307 of the Communications Act of 1934 is amended by adding the following: "The continuation of an existing license, the renewal of an expiring license, and the issuance of a new license shall be expressly conditioned on the agreement by the licensee to abide by the provisions of section 503(1) of the Federal Election Campaign Act of 1971 and section 315(b) of this Act. The Commission shall take such action as it deems appropriate to assure compliance with this requirement."

(f) REGULATIONS.--The Commission, in consultation with the Federal Communications Commission, shall issue regulations to modify the requirements of this section in any cases where a licensee establishes that such requirements would impose significant economic hardship.

(g) EFFECTIVE DATE.--The amendments made by this section shall apply to the general elections occurring after December 31, 1996 (and the election cycles relating thereto).

!!SEC. 103. REDUCED POSTAGE RATES.!!

(a) IN GENERAL.--Section 3626(e) of title 39, United States Code, is amended--

- (1) in paragraph (2)--
 - (A) in subparagraph (A)--
 - (i) by striking "and the National" and inserting "the National"; and
 - (ii) by inserting before the semicolon the following: ", and, subject to paragraph (3), the principal campaign committee of an eligible House of Representatives candidate;";
 - (B) in subparagraph (B), by striking "and" after the semicolon;
 - (C) in subparagraph (C), by striking the period and inserting a semicolon; and
 - (D) by adding after subparagraph (C) the following new subparagraphs:
 - "(D) the term 'principal campaign committee' has the meaning given such term in section 301 of the Federal Election

Campaign Act of 1971; and

"(E) the term 'eligible House of Representatives candidate' has the meaning given such term in section 501(a) of the Federal Election Campaign Act of 1971."; and

(2) by adding after paragraph (2) the following new paragraph:

"(3) The rate made available under this subsection with respect to an eligible House of Representatives candidate shall apply only to that number of pieces of mail equal to 3 times the number of individuals in the voting age population (as certified under section 315(e) of such Act) of the congressional district."

(b) EFFECTIVE DATE.--The amendments made by this section shall apply to the general elections occurring after December 31, 1996 (and the election cycles relating thereto).

!!SEC. 104. CONTRIBUTION LIMIT FOR ELIGIBLE HOUSE OF REPRESENTATIVES CANDIDATES.!!

Section 315(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(1)) is amended--

(1) by inserting "except as provided in subparagraph (B)," before "to" in subparagraph (A);

(2) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively; and

(3) by inserting immediately after subparagraph (A) the following new subparagraph:

"(B) to any eligible House of Representatives candidate and the authorized political committees of such candidate with respect to any election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress, which, in the aggregate, exceed \$2,000, provided that such candidate is in a general election where one or more candidates either:

"(i) fail to be certified as an eligible candidate by the Commission and have received contributions or expended personal funds, which in the aggregate, are in excess of 50 percent, or have expended personal funds in excess of 25 percent, of the election cycle limits contained in section 502(b); or

"(ii) violate the limitations on expenditures contained in this Act."

!!SEC. 105. REPORTING REQUIREMENTS.!!

(a) Any candidate for the House of Representatives who during the election cycle expends more than the limitation under section 502(a) during the election cycle from his personal funds, the funds of his immediate family, and personal loans incurred by the candidate and the candidate's immediate family shall report such expenditures to the Commission within 48 hours after such expenditures have been made or loans incurred. An additional report shall be filed within 48 hours of the date such candidate makes expenditures of such personal funds aggregating 25 percent of the election cycle limit under section 502(b).

(b) Any candidate for the House of Representatives who has failed to be certified as an eligible candidate by the Commission and who during the election cycle has received contributions or expended personal funds which, in the aggregate, exceed 50 percent of the election cycle limits contained in section 502(b), shall file

a report with the Commission within 48 hours after such contributions have been received or such expenditures have been made. Additional reports shall be filed within 48 hours after such candidate has received contributions or expended personal funds which, in the aggregate, exceed 70 percent and 120 percent of the election cycle limit. Additional reports shall be filed within 48 hours after the candidate spends an amount equal to 105 percent and 155 percent of the election cycle limit contained in section 502(b).

(c) The Commission within 48 hours after any report has been filed under subsections (a) and (b) shall notify each eligible House of Representatives candidate in the election about each such report.

(d) If any act which requires the filing of any report under subsection (a) or (b) occurs after the 20th day, but more than 24 hours before an election, such report shall be filed by the candidate within 24 hours of the occurrence of such act. For any such report filed pursuant to this subsection, the Commission shall notify the appropriate eligible House of Representatives candidate within 24 hours after the filing of such report.

!!TITLE II--REDUCTION OF SPECIAL INTEREST INFLUENCE!!

!!SUBTITLE A--ELIMINATION OF POLITICAL ACTION COMMITTEES FROM FEDERAL ELECTION ACTIVITIES!!

!!SEC. 201. BAN ON ACTIVITIES OF POLITICAL ACTION COMMITTEES IN FEDERAL ELECTIONS.!!

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

"BAN ON FEDERAL ELECTION ACTIVITIES BY POLITICAL ACTION COMMITTEES

"SEC. 324. Notwithstanding any other provision of this Act, no person other than an individual or a political committee may make contributions, solicit or receive contributions, or make expenditures for the purpose of influencing an election for Federal office."

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

"(4) The term 'political committee' means--

"(A) the principal campaign committee of a candidate;

"(B) any national, State, or district committee of a political party, including any subordinate committee thereof;

"(C) any local committee of a political party that--

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

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

"(iii) makes contributions or expenditures aggregating in excess of \$1,000 during a calendar year; and

"(D) any committee jointly established by a principal campaign committee and any committee described in

subparagraph (B) or (C) for the purpose of conducting joint fundraising activities."

(2) Section 316(b)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b(b)(2)) is amended--

(A) by inserting "or" after "subject;";

(B) by striking "and their families; and" and inserting "and their families."; and

(C) by striking subparagraph (C).

(c) PROHIBITION OF LEADERSHIP COMMITTEES.--Section 302(e) of the Federal Election Campaign Act of 1971 (2 U.S.C. 432(e)) is amended--

(1) by amending paragraph (3) to read as follows:

"(3) No political committee that supports or has supported more than one candidate may be designated as an authorized committee, except that--

"(A) a candidate for the office of President nominated by a political party may designate the national committee of such political party as the candidate's principal campaign committee, but only if that national committee maintains separate books of account with respect to its functions as a principal campaign committee; and

"(B) a candidate may designate a political committee established solely for the purpose of joint fundraising by such candidates as an authorized committee."; and

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

"(6)(A) A candidate for Federal office or any individual holding Federal office may not directly or indirectly establish, finance, maintain, or control any Federal or non-Federal political committee other than a principal campaign committee of the candidate, authorized committee, party committee, or other political committee designated in accordance with paragraph (3). A candidate for more than one Federal office may designate a separate principal campaign committee for each Federal office. This paragraph shall not preclude a Federal officeholder who is a candidate for State or local office from establishing, financing, maintaining, or controlling a political committee for election of the individual to such State or local office.

"(B) For one year after the effective date of this paragraph, any political committee established before such date but which is prohibited under subparagraph (A) may continue to make contributions. At the end of that period such political committee shall disburse all funds by one or more of the following means: making contributions to an entity qualified under section 501(c)(3) of the Internal Revenue Code of 1986 that is not established, maintained, financed, or controlled directly or indirectly by any candidate for Federal office or any individual holding Federal office; making a contribution to the treasury of the United States; contributing to the national, State, or local committees of a political party; or making contributions not to exceed \$1,000 to candidates for elective office."

(d) RULES APPLICABLE WHEN BAN NOT IN EFFECT.--For purposes of the Federal Election Campaign Act of 1971, during any period beginning after the effective date in which the limitation under section 324 of that Act (as added by subsection (a)) is not in effect--

(1) the amendments made by subsections (a) and (b), shall

not be in effect;

(2) it shall be unlawful for a multicandidate political committee to make a contribution to a candidate for election, or nomination for election, to Federal office (or to an authorized committee of such candidate) to the extent that the making or accepting of the contribution will cause the amount of contributions in aggregate received by the candidate and the candidate's authorized committees from multicandidate political committees to exceed an amount equal to 25 percent of the election cycle spending limits set forth in section 502(b), as may be modified by section 502(c), (e) and (f), regardless of whether the candidate is an eligible House of Representatives candidate; and

(3) notwithstanding any other provision of this Act, it shall be unlawful for a multicandidate political committee to make any contribution to a candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed the amount that an individual is allowed to contribute directly to such candidate or to such candidate's authorized committees.

(e) EXCESS CONTRIBUTIONS.--A candidate (or authorized committees of such candidate) who receives a contribution from a multicandidate political committee in excess of the amount allowed under subsection (d)(1) shall return the amount of such excess contribution to the contributor.

(f) REPEAL OF MULTICANDIDATE CONTRIBUTION LIMIT.--Section 315(a)(2)(A) (2 U.S.C. 441a(a)(2)(A)) is hereby repealed: //Provided\\ , That any of the provisions in subsections (a), (b), and (d) are in effect.

!!SEC. 202. AGGREGATE LIMIT ON LARGE CONTRIBUTIONS.!!

(a) 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:

"SEC. 327. (a) For purposes of the Federal Election Campaign Act of 1971, during any period beginning after the effective date of this Act, it shall be unlawful for a candidate for election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress (or the authorized committees of such candidate) to accept any contribution from an individual in excess of \$250 to the extent that the acceptance of such contribution will cause the aggregate amount of contributions from individuals in excess of \$250 received by the candidate and the candidate's authorized committees to exceed an amount equal to 25 percent of the election cycle spending limits set forth in section 502(b), as may be modified by section 502(c), (e), or (f), regardless of whether the candidate is an eligible House of Representatives candidate.

"(b) The restrictions of subsection (a) shall not apply to an eligible House of Representatives candidate if such candidate is entitled to the contribution limit provided in section 104."

(b) For purposes of the Federal Election Campaign Act of 1971, during any period beginning after the effective date in which the limitations of section 327 (as added by subsection (a)) are not in effect, a new clause (vi) shall be inserted in section 501(b)(1) as follows:

"(vi) will not accept any contributions from an

individual in excess of \$250 to the extent that the acceptance of such contribution will cause the aggregate amount of contributions from individuals in excess of \$250 received by the candidate and the candidate's authorized committees to exceed an amount equal to 25 percent of the election cycle spending limits set forth in section 502(b), as may be modified by section 502(c), (e), or (f): //Provided, however, That this clause shall not apply to an eligible House of Representatives candidate if such candidate is entitled to the contribution limit provided in section 104.".\

!!SEC. 203. CONTRIBUTIONS BY LOBBYISTS.!!

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

"(9) Notwithstanding 2 U.S.C. 441a(a)(1)(A), any person required to register under section 308 of the Federal Regulation of Lobbying Act (2 U.S.C. 267) or the Foreign Agents Registration Act of 1938 (22 U.S.C. 611 et seq.) or any person whose activities are required to be reported pursuant to any successor Federal law which requires reporting on the activities of a person who is a lobbyist or foreign agent, or any political committee controlled by such person, shall not make contributions to, or solicit contributions for, any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$100."

!!SUBTITLE B--PROVISIONS RELATING TO SOFT MONEY OF POLITICAL PARTIES!!

!!SEC. 211. SOFT MONEY OF POLITICAL PARTIES.!!

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:

"SOFT MONEY OF POLITICAL PARTIES

"SEC. 325. (a) A national committee of a political party, including the national congressional campaign committees of a political party, and any officers or agents of such party committees, shall not solicit or receive any contributions, donations, or transfers of funds, or spend any funds, not subject to the limitations, prohibitions, and reporting requirements of this Act. This subsection shall apply to any entity that is established, financed, maintained, or controlled by a national committee of a political party, including the national congressional campaign committees of a political party, and any officers or agents of such party committees.

"(b)(1) Any amount expended or disbursed by a State, district, or local committee of a political party, during a calendar year in which a Federal election is held, for any activity which might affect the outcome of a Federal election, including but not limited to any voter registration and get-out-the-vote activity, any generic campaign activity, and any communication that identifies a Federal candidate (regardless of whether a State or local candidate is also mentioned or identified) shall be made from funds subject to the limitations, prohibitions and reporting requirements of this Act.

"(2) Paragraph (1) shall not apply to expenditures or disbursements made by a State, district or local committee of a political party for--

"(A) a contribution to a candidate other than for Federal office, provided that such contribution is not designated or otherwise earmarked to pay for activities described in paragraph (1);

"(B) the costs of a State or district/local political convention;

"(C) the non-Federal share of a State, district or local party committee's administrative and overhead expenses (but not including the compensation in any month of any individual who spends more than 20 percent of his or her time on activity during such month which may affect the outcome of a Federal election). For purposes of this provision, the non-Federal share of a party committee's administrative and overhead expenses shall be determined by applying the ratio of the non-Federal disbursements to the total Federal expenditures and non-Federal disbursements made by the committee during the previous presidential election year to the committee's administrative and overhead expenses in the election year in question;

"(D) the costs of grassroots campaign materials, including buttons, bumper stickers, and yard signs, which materials solely name or depict a State or local candidate; or

"(E) the cost of any campaign activity conducted solely on behalf of a clearly identified State or local candidate, provided that such activity is not a get out the vote activity or any other activity covered by paragraph (1).

"(3) Any amount spent by a national, State, district or local committee or entity of a political party to raise funds that are used, in whole or in part, to pay the costs of any activity covered by paragraph (1) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act. This paragraph shall apply to any entity that is established, financed, maintained, or controlled by a State, district or local committee of a political party or any agent or officer of such party committee in the same manner as it applies to that committee.

"(c) No national, State, district or local committee of a political party shall solicit any funds for or make any donations to any organization that is exempt from Federal taxation under section 501(c) of the Internal Revenue Code of 1986.

"(d)(1) No candidate for Federal office, individual holding Federal office, or any agent of such candidate or officeholder, may solicit or receive (A) any funds in connection with any Federal election unless such 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 election unless such funds are not in excess of the amounts permitted with respect to contributions to Federal candidates and political committees under section 315(a)(1) and (2), and are not from sources prohibited from making contributions by this Act with respect to election for Federal office. This paragraph shall not apply to the solicitation or receipt 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.

"(2)(A) No candidate for Federal office or individual holding Federal office may directly or indirectly establish, maintain,

finance or control any organization described in section 501(c) of the Internal Revenue Code of 1986 if such organization raises funds from the public.

"(B) No candidate for Federal office or individual holding Federal office may raise funds for any organization described in section 501(c) of the Internal Revenue Code of 1986 if the activities of the organization include voter registration or get-out-the-vote campaigns.

"(C) For purposes of this paragraph, an individual shall be treated as holding Federal office if such individual--

"(i) holds a Federal office; or

"(ii) holds a position described in level I of the Executive Schedule under 5312 of title 5, United States Code."

!!SEC. 212. REPORTING REQUIREMENTS.!!

(a) REPORTING REQUIREMENTS.--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) POLITICAL COMMITTEES.--(1) A political committee other than a national committee of a political party, any congressional campaign committee of a political party, and any subordinate committee of either, to which section 325(b)(1) applies shall report all receipts and disbursements.

"(2) Any political committee other than the committees of a political party shall report any receipts or disbursements that are used in connection with a Federal election.

"(3) If a political committee has receipts or disbursements to which this subsection applies from any person aggregating in excess of \$200 for any calendar year, the political committee shall separately itemize its reporting for such person in the same manner as required in subsection (b)(3)(A), (5), or (6).

"(4) Reports required to be filed under this subsection shall be filed for the same time periods required for political committees under subsection (a)."

(b) REPORTS BY STATE COMMITTEES.--Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434), as amended by subsection (a), is further amended by adding at the end the following new subsection:

"(e) FILING OF STATE REPORTS.--In lieu of any report required to be filed by this Act, the Commission may allow a State committee of a political party to file with the Commission a report required to be filed under State law if the Commission determines such reports contain substantially the same information."

(c) OTHER REPORTING REQUIREMENTS.--

(1) AUTHORIZED COMMITTEES.--Section 304(b)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(4)) is amended--

(A) by striking "and" at the end of subparagraph (H);

(B) by inserting "and" at the end of subparagraph (I);

and

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

"(J) in the case of an authorized committee, disbursements for the primary election, the general election, and any other election in which the candidate participates;"

(2) NAMES AND ADDRESSES.--Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended--

(A) by striking "within the calendar year"; and
 (B) by inserting ", and the election to which the operating expenditure relates" after "operating expenditure".

!!SEC. 213. BUILDING FUND EXCEPTION TO THE DEFINITION OF THE TERM "CONTRIBUTION".!!

Section 301(8)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(B)) is amended--

(1) by striking out clause (viii); and
 (2) by redesignating clauses (ix) through (xiv) as clauses (viii) through (xiii), respectively.

!!SUBTITLE C--SOFT MONEY OF PERSONS OTHER THAN POLITICAL PARTIES!!

!!SEC. 221. SOFT MONEY OF PERSONS OTHER THAN POLITICAL PARTIES.!!

Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434), as amended by section 212(a) and (c), is further amended by adding at the end the following new subsection:

"(f) ELECTION ACTIVITY OF PERSONS OTHER THAN POLITICAL PARTIES.
 (1)(A)(i) If any person to which section 325 does not apply makes (or obligates to make) disbursements for activities described in section 325(b)(1) in excess of \$2,000, such person shall file a statement--

"(I) within 48 hours after the disbursements (or obligations) are made; or

"(II) in the case of disbursements (or obligations) that are required to be made within 20 days of the election, within 24 hours after such disbursement (or obligations) are made.

"(ii) An additional statement shall be filed each time additional disbursements aggregating \$2,000 are made (or obligated to be made) by a person described in clause (i).

"(B) This paragraph shall not apply to--

"(i) a candidate or a candidate's authorized committees; or

"(ii) an independent expenditure (as defined in section 301(17)).

"(2) Any statement under this section shall be filed with the Commission and shall contain such information as the Commission shall prescribe, including whether the disbursement is in support of, or in opposition to, 1 or more candidates or any political party."

!!SUBTITLE D--CONTRIBUTIONS!!

!!SEC. 231. CONTRIBUTIONS THROUGH INTERMEDIARIES AND CONDUITS.!!

Section 315(a)(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(8)) is amended to read as follows:

"(8) For the purposes of this subsection:

"(A) Contributions made by a person, either directly or indirectly, to or on behalf of a particular candidate, including contributions that are in any way earmarked or otherwise directed through an intermediary or conduit to a candidate, shall be treated as contributions from the person to the candidate. If a contribution is made to a candidate through an intermediary or conduit, the intermediary or conduit shall report the original source and the intended recipient of the contribution to the Commission and the intended recipient.

"(B) Contributions made directly or indirectly by a person to or on behalf of a particular candidate through an intermediary or conduit, including contributions arranged to be made by an intermediary or conduit, shall be treated as contributions from the intermediary or conduit to the candidate if--

"(i) the contributions made through the intermediary or conduit are in the form of a check or other negotiable instrument made payable to the intermediary or conduit rather than the intended recipient; or

"(ii) the intermediary or conduit is--

"(I) a political committee, a political party, or an officer, employee, or agent of either;

"(II) a person whose activities are required to be reported under section 308 of the Federal Regulation of Lobbying Act (2 U.S.C. 267), the Foreign Agents Registration Act of 1938 (22 U.S.C. 611 et seq.), or a person whose activities are required to be reported pursuant to any successor Federal law which requires reporting on the activities of person who is a lobbyist or foreign agent;

"(III) a person who is prohibited from making contributions under section 316 or a partnership; or

"(IV) an officer, employee, or agent of a person described in subclause (II) or (III) acting on behalf of such person.

"(C) The term 'contributions arranged to be made' includes--

"(i)(I) contributions delivered directly or indirectly to a particular candidate or the candidate's authorized committee or agent by the person who facilitated the contribution; and

"(II) contributions made directly or indirectly to a particular candidate or the candidate's authorized committee or agent that are provided at an event sponsored by an intermediary or conduit described in subparagraph (B).

"(ii) The term 'acting on behalf of such person' includes the following activities by an officer, employee, or agent of a person described in subparagraph (B)(i) (II) or (III):

"(I) Soliciting the making of a contribution to a particular candidate in the name of such a person;

"(II) Soliciting the making of a contribution to a particular candidate using other than incidental resources of such a person; and

"(III) Soliciting contributions for a particular candidate by directing a significant portion of the solicitations to other officers, employees, or agents of such a person.

"(D) This subsection shall not prohibit--

"(i) fundraising efforts for the benefit of a candidate that are conducted by another candidate or Federal officeholder; or

"(ii) the solicitation by an individual using the individual's resources and acting in the individual's own name of contributions from other persons in a manner not described in subparagraphs (B) and (C)."

!!SUBTITLE E--ADDITIONAL PROHIBITIONS ON CONTRIBUTIONS!!

!!SEC. 241. ALLOWABLE CONTRIBUTIONS FOR CANDIDATES.!!

(a) IN STATE REQUIREMENT.--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:

"SEC. 326. With regard to any candidate for election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress, by the end of the election cycle not less than 60 percent of the total dollar amount of all contributions from individuals to a candidate or a candidate's authorized committees, not including any expenditures, contributions or loans made by the candidate, shall come from individuals legally residing in the candidate's State."

(b) RULES APPLICABLE WHEN IN STATE REQUIREMENT NOT IN EFFECT.--For purposes of the Federal Election Campaign Act of 1971, during any period beginning after the effective date on which the requirement of section 326 of the Act (as added by subsection (a)) is not in effect, a new clause (v) shall be inserted in section 501(b)(1) as follows:

"(v) will comply with the requirement that, by the end of the election cycle, not less than 60 percent of the total dollar amount of all contributions from individuals to a candidate or a candidate's authorized committees, including any expenditures, contributions, or loans made by a candidate shall come from individuals legally residing in the candidate's State."

!!SUBTITLE F--INDEPENDENT EXPENDITURES!!

!!SEC. 251. PROVISIONS RELATING TO INDEPENDENT EXPENDITURES.!!

(a) INDEPENDENT EXPENDITURE DEFINITION AMENDMENT.--Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by striking out paragraphs (17) and (18) and inserting in lieu thereof the following:

"(17)(A) The term 'independent expenditure' means an expenditure that--

"(i) contains express advocacy; and

"(ii) is made without the participation or cooperation of, or without the consultation of, a candidate or a candidate's representative.

"(B) The following shall not be considered an independent expenditure:

"(i) An expenditure made by--

"(I) an authorized committee of a candidate for Federal office, or

"(II) a political committee of a political party.

"(ii) An expenditure if there is any arrangement, coordination, or direction with respect to the expenditure between the candidate or the candidate's agent and the person making the expenditure.

"(iii) An expenditure if, in the same election cycle, the person making the expenditure is or has been--

"(I) authorized to raise or expend funds on behalf of the candidate or the candidate's authorized committees; or

"(II) serving as a member, employee, or agent of the candidate's authorized committees in an executive or policymaking position.

"(iv) An expenditure if the person making the expenditure has advised or counseled the candidate or the candidate's agents at any time on the candidate's plans, projects, or needs relating to the candidate's pursuit of nomination for election, or election, to Federal office, in the same election cycle, including any advice relating to the candidate's decision to seek Federal office.

"(v) An expenditure if the person making the expenditure retains the professional services of any individual or other person also providing services in the same election cycle to the candidate in connection with the candidate's pursuit of nomination for election, or election, to Federal office, including any services relating to the candidate's decision to seek Federal office. For purposes of this clause, the term 'professional services' shall include any services (other than legal and accounting services solely for purposes of ensuring compliance with any Federal law) in support of any candidate's or candidates' pursuit of nomination for election, or election, to Federal office.

For purposes of this subparagraph, the person making the expenditure shall include any officer, director, employee, or agent of such person.

"(18)(A) The term 'express advocacy' means, when a communication is taken as a whole and with limited reference to external events, an expression of support for or opposition to a specific candidate, to a specific group of candidates, or to candidates of a particular political party.

"(B) The term 'expression of support for or opposition to' includes a suggestion to take action with respect to an election, such as to vote for or against, make contributions to, or participate in campaign activity, or to refrain from taking action."

(b) CONTRIBUTION DEFINITION AMENDMENT.--Section 301(8)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)(A)) is amended--

(1) in clause (i), by striking out "or" after the semicolon at the end;

(2) in clause (ii), by striking out the period at the end and inserting in lieu thereof "; or"; and

(3) by adding at the end the following new clause:

"(iii) any payment or other transaction referred to in paragraph (17)(A)(i) that is not an independent expenditure under paragraph (17)."

!!SEC. 252. REPORTING REQUIREMENTS FOR CERTAIN INDEPENDENT EXPENDITURES.!!

Section 304(c) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(c)) is amended--

(1) in paragraph (2), by striking the undesignated matter after subparagraph (C);

(2) by redesignating paragraph (3) as paragraph (7); and

(3) by inserting after paragraph (2), as amended by paragraph (1), the following new paragraphs:

"(3)(A) Any person (including a political committee) making independent expenditures as defined in section 301(17) and (18) with respect to a candidate in an election aggregating \$1,000 or more made after the 20th day, but more than 24 hours, before the election shall file a report within 24 hours after such independent expenditures are made. An additional report shall be filed each time independent expenditures aggregating \$1,000 are made with respect to the same candidate after the latest report filed under this subparagraph.

"(B) Any person (including a political committee) making independent expenditures with respect to a candidate in an election aggregating \$10,000 or more made at any time up to and including the 20th day before the election shall file a report within 48 hours after such independent expenditures are made. An additional report shall be filed each time independent expenditures aggregating \$10,000 are made with respect to the same candidate after the latest report filed under this paragraph.

"(C) A report under subparagraph (A) or (B) shall be filed with the Commission and shall identify each candidate whom the expenditure is actually intended to support or to oppose. Not later than 2 business days after the Commission receives a report, the Commission shall transmit a copy of the report to each candidate seeking nomination or election to that office.

"(D) For purposes of this section, an independent expenditure shall be considered to have been made upon the making of any payment or the taking of any action to incur an obligation for payment.

"(4) The Commission may, upon a request of a candidate or on its own initiative, make its own determination that a person, including a political committee, has made, or has incurred obligations to make, independent expenditures with respect to any candidate in any election which in the aggregate exceed the applicable amounts under paragraph (3). The Commission shall notify each candidate in such election of such determination made within 2 business days after making it. Any determination made at the request of a candidate shall be made within 48 hours of the request.

"(5) In the event that independent expenditures totaling in the aggregate \$25,000 have been made in the same election in favor of another candidate or against an eligible House of Representatives candidate, the Commission shall, within 2 business days, notify the eligible candidate that such candidate is entitled under section 502(g) to raise additional contributions equaling the amount of such independent expenditures. At such time as the aggregate amount the independent expenditures referred to in the preceding sentence, combined with the expenditures of all other candidates in such election equals 100 percent of the election cycle limit set forth in section 502(b), the Commission shall, within 2 business days, notify the eligible candidate that such candidate is entitled under section 502(g) to make the expenditures provided for in section 502(g).

"(6)(A) A person who reserves broadcast time the payment for which would constitute an independent expenditure within the

meaning of section 301(17) of this Act (2 U.S.C. 431(17)), shall at the time of the reservation--

"(i) inform the broadcast licensee that payment for the broadcast time will constitute an independent expenditure;

"(ii) inform the broadcast licensee of the names of all candidates for the office to which the proposed broadcast relates and state whether the message to be broadcast is intended to be made in support of or in opposition to each such candidate; and

"(iii) provide the broadcast licensee a copy of the report described in paragraph (3).

"(B) For purposes of this paragraph, the term 'broadcast' includes any cablecast.

"(C) A licensee who is informed as described in subparagraph (A) shall--

"(i) notify each such candidate described in subparagraph (A)(ii) of the proposed making of the independent expenditure; and

"(ii) allow any such candidate (other than a candidate for whose benefit the independent expenditure is made) to purchase the same amount of broadcast time immediately after the broadcast time paid for by the independent expenditure, at the cost specified in section 315(b) of title 47, as amended by section 102 of this Act."

!!TITLE III--MISCELLANEOUS PROVISIONS !!

!!SEC. 301. RESTRICTIONS ON USE OF CAMPAIGN FUNDS FOR PERSONAL PURPOSES.!!

(a) RESTRICTIONS ON USE OF CAMPAIGN FUNDS.--Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.), as amended by section 211, is further amended by adding at the end the following new section:

"RESTRICTIONS ON USE OF CAMPAIGN FUNDS FOR PERSONAL PURPOSES

"SEC. 325. (a) An individual who receives contributions as a candidate for Federal office--

"(1) shall use such contributions only for legitimate and verifiable campaign expenses; and

"(2) shall not use such contributions for any inherently personal purpose.

"(b) As used in this subsection--

"(1) the term 'campaign expenses' means expenses attributable solely to bona fide campaign purposes; and

"(2) the term 'inherently personal purpose' means a purpose that, by its nature, confers a personal benefit, including a home mortgage, rent, or utility payment, clothing purchase, noncampaign automobile expense, country club membership, vacation, or trip of a noncampaign nature, household food items, tuition payments, admission to a sporting event, concert, theater, or other form of entertainment not associated with a campaign, dues, fees, or contributions to a health club or recreational facility, and any other inherently personal living expense as determined under the regulations promulgated pursuant to section 301(b) of the Bipartisan Clean Congress Act of 1995."

(b) REGULATIONS.--Not later than 90 days after the date of

enactment of this Act, the Federal Election Commission shall promulgate regulations consistent with this Act to implement subsection (a). Such regulations shall apply to all contributions possessed by an individual on the date of enactment of this Act.

!!SEC. 302. CAMPAIGN ADVERTISING AMENDMENTS.!!

Section 318 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441d) is amended--

(1) in subsection (a)--

(A) in the matter preceding paragraph (1)--

(i) by striking "Whenever" and inserting "Whenever a political committee makes a disbursement for the purpose of financing any communication through any broadcasting station, newspaper, magazine, outdoor advertising facility, mailing, phone bank or any other type of general public political advertising, or whenever";

(ii) by striking "an expenditure" and inserting "a disbursement"; and

(iii) by striking "direct"; and

(B) in paragraph (3), by inserting "and permanent street address" after "name"; and

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

"(c) Any printed communication described in subsection (a) shall be--

"(1) of sufficient type size to be clearly readable by the recipient of the communication;

"(2) contained in a printed box set apart from the other contents of the communication; and

"(3) consist of a reasonable degree of color contrast between the background and the printed statement.

"(d)(1) Any broadcast or cablecast communication described in subsection (a)(1) or subsection (a)(2) shall include, in addition to the requirements of those subsections, an audio statement by the candidate that identifies the candidate and states that the candidate is responsible for the content of the advertisement.

"(2) If a broadcast or cablecast communication described in paragraph (1) is broadcast or cablecast by means of television, the communication shall include, in addition to the audio statement under paragraph (1), a written statement which--

"(A) appears at the end of the communication in a clearly readable manner with a reasonable degree of color contrast between the background and the printed statement, for a period of at least 4 seconds; and

"(B) is accompanied by a clearly identifiable photographic or similar image of the candidate.

"(e) Any broadcast or cablecast communication described in subsection (a)(3) shall include, in addition to the requirements of those subsections, in a clearly spoken manner, the following statement: 'XXXXXXXX is responsible for the content of this advertisement.' (with the blank to be filled in with the name of the political committee or other person paying for the communication and the name of any connected organization of the payor). If broadcast or cablecast by means of television, the statement shall also appear in a clearly readable manner with a reasonable degree of color contrast between the background and the printed statement, for a period of at least 4 seconds."

!!SEC. 303. FILING OF REPORTS USING COMPUTERS AND FACSIMILE MACHINES.!!

Section 302(g) of the Federal Election Campaign Act of 1971 (2 U.S.C. 432(g)) is amended by adding at the end the following new paragraph:

"(6)(A) The Commission, in consultation with the Secretary of the Senate and the Clerk of the House of Representatives, may prescribe regulations under which persons required to file designations, statements, and reports under this Act--

"(i) are required to maintain and file them for any calendar year in electronic form accessible by computers if the person has, or has reason to expect to have, aggregate contributions or expenditures in excess of a threshold amount determined by the Commission; and

"(ii) may maintain and file them in that manner if not required to do so under regulations prescribed under clause (i).

"(B) The Commission, in consultation with the Secretary of the Senate and the Clerk of the House of Representatives, shall prescribe regulations which allow persons to file designations, statements, and reports required by this Act through the use of facsimile machines.

"(C) In prescribing regulations under this paragraph, the Commission shall provide methods (other than requiring a signature on the document being filed) for verifying designations, statements, and reports covered by the regulations. Any document verified under any of the methods shall be treated for all purposes (including penalties for perjury) in the same manner as a document verified by signature.

"(D) The Secretary of the Senate and the Clerk of the House of Representatives shall ensure that any computer or other system that they may develop and maintain to receive designations, statements, and reports in the forms required or permitted under this paragraph is compatible with any such system that the Commission may develop and maintain."

!!SEC. 304. AUDITS.!!

(a) RANDOM AUDITS.--Section 311(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 438(b)) is amended--

(1) by inserting "(1)" before "The Commission"; and

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

"(2) Notwithstanding paragraph (1), the Commission may conduct random audits and investigations to ensure voluntary compliance with this Act. The subjects of such audits and investigations shall be selected on the basis of criteria established by vote of at least 4 members of the Commission to ensure impartiality in the selection process. This paragraph does not apply to an authorized committee of a candidate for President or Vice President subject to audit under chapter 95 or 96 of the Internal Revenue Code of 1986."

(b) EXTENSION OF PERIOD DURING WHICH CAMPAIGN AUDITS MAY BE BEGUN.--Section 311(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 438(b)) is amended by striking out "6 months" and inserting in lieu thereof "12 months".

!!SEC. 305. CHANGE IN CERTAIN REPORTING FROM A CALENDAR YEAR BASIS TO AN ELECTION CYCLE BASIS.!!

Paragraphs (2), (3), (4), (6), and (7) of section 304(b) of the

Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(2)-(7)) are amended by inserting "(election cycle, in the case of an authorized committee of a candidate for Federal office)" after "calendar year" each place it appears.

!!SEC. 306. DISCLOSURE OF PERSONAL AND CONSULTING SERVICES.!!

(a) REPORTING BY POLITICAL COMMITTEES.--Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended by adding before the semicolon at the end the following: ", except that if a person to whom an expenditure is made by a candidate or the candidate's authorized committees is merely providing personal or consulting services and is in turn making expenditures to other persons (not including its owners or employees) who provide goods or services to the candidate or the candidate's authorized committees, the name and address of such other person, together with the date, amount, and purpose of such expenditure shall also be disclosed".

(b) RECORDKEEPING AND REPORTING BY PERSONS TO WHOM EXPENDITURES ARE PASSED THROUGH.--Section 302 of the Federal Election Campaign Act of 1971 (2 U.S.C. 432) is amended by adding at the end the following new subsection:

"(j) The person described in section 304(b)(5)(A) who is providing personal or consulting services and who is in turn making expenditures to other persons (not including employees) for goods or services provided to a candidate shall maintain records of and shall provide to a political committee the information necessary to enable the political committee to report the information described in section 304(b)(5)(A)."

!!SEC. 307. USE OF CANDIDATES' NAMES.!!

Section 302(e)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 432(e)(4)) is amended to read as follows:

"(4)(A) The name of each authorized committee shall include the name of the candidate who authorized the committee under paragraph (1).

"(B) a political committee that is not an authorized committee shall not--

"(i) include the name of any candidate in its name, or

"(ii) except in the case of a national, State, or local party committee, use the name of any candidate in any activity on behalf of such committee in such a context as to suggest that the committee is an authorized committee of the candidate or that the use of the candidate's name has been authorized by the candidate."

!!SEC. 308. REPORTING REQUIREMENTS.!!

(a) OPTION TO FILE MONTHLY REPORTS.--Section 304(a)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(a)(2)) is amended--

(1) in subparagraph (A) by striking "and" at the end;

(2) in subparagraph (B) by striking the period at the end and inserting "; and"; and

(3) by inserting the following new subparagraph at the end:

"(C) in lieu of the reports required by subparagraphs (A) and (B), the treasurer may file monthly reports in all calendar years, which shall be filed no later than the 20th day after the last day of the month and shall be complete as

of the last day of the month, except that, in lieu of filing the reports otherwise due in November and December of any year in which a regularly scheduled general election is held, a pre-primary election report and a pre-general election report shall be filed in accordance with subparagraph (A)(i), a post-general election report shall be filed in accordance with subparagraph (A)(ii), and a year end report shall be filed no later than January 31 of the following calendar year."

(b) POLITICAL COMMITTEES.--Section 304(a)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(a)(4)) is amended in subparagraph (A)(i) by inserting ", and except that if at any time during the election year a committee receives contributions in excess of \$100,000 or makes disbursements in excess of \$100,000, monthly reports on the 20th day of each month after the month in which that amount of contributions is first received or that amount of disbursements is first anticipated to be made during that year" before the semicolon.

(c) INCOMPLETE OR FALSE CONTRIBUTOR INFORMATION.--Section 302(i) of the Federal Election Campaign Act of 1971 (2 U.S.C. 432(i)) is amended--

- (1) by inserting "(1)" after "(i)";
- (2) by striking "submit" and inserting "report"; and
- (3) by adding at the end the following new paragraph:

"(2) A treasurer shall be considered to have used best efforts under this section only if--

"(A) all written solicitations include a clear and conspicuous request for the contributor's identification and inform the contributor of the committee's obligation to report the identification in a statement prescribed by the Commission;

"(B) the treasurer makes at least 1 additional request for the contributor's identification for each contribution received that aggregates in excess of \$200 per calendar year and which does not contain all of the information required by this Act; and

"(C) the treasurer reports all information in the committee's possession regarding contributor identifications."

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

"(g) WAIVER.--The Commission may relieve any category of political committees of the obligation to file 1 or more reports required by this section, or may change the due dates of such reports, if it determines that such action is consistent with the purposes of this Act. The Commission may waive requirements to file reports in accordance with this subsection through a rule of general applicability or, in a specific case, may waive or extend the due date of a report by notifying all political committees affected."

!!SEC. 309. SIMULTANEOUS REGISTRATION OF CANDIDATE AND CANDIDATE'S PRINCIPAL CAMPAIGN COMMITTEE.!!

Section 303(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 433(a)) is amended in the first sentence by striking "no later than 10 days after designation" and inserting "on the date of its designation".

!!SEC. 310. INDEPENDENT LITIGATION AUTHORITY.!!

Section 306(f) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437c(f)) is amended by striking paragraph (4) and inserting the following new paragraph:

"(4)(A) Notwithstanding the provisions of paragraph (2), or of any other provision of law, the Commission is authorized to appear on its own behalf in any action related to the exercise of its statutory duties or powers in any court as either a party or as amicus curiae, either--

"(i) by attorneys employed in its office, or

"(ii) by counsel whom it may appoint, on a temporary basis as may be necessary for such purpose, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and whose compensation it may fix without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title. The compensation of counsel so appointed on a temporary basis shall be paid out of any funds otherwise available to pay the compensation of employees of the Commission.

"(B) The authority granted under subparagraph (A) includes the power to appeal from, and petition the Supreme Court for certiorari to review, judgments or decrees entered with respect to actions in which the Commission appears pursuant to the authority provided in this section."

!!SEC. 311. INSOLVENT POLITICAL COMMITTEES.!!

Section 303(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 433(d)) is amended by adding at the end the following paragraph:

"(3) Proceedings by the Commission under paragraph (2) constitute the sole means, to the exclusion of proceeding under title 11, United States Code, by which a political committee that is determined by the Commission to be insolvent may compromise its debts, liquidate its assets, and terminate its existence."

!!SEC. 312. REGULATIONS RELATING TO USE OF NON-FEDERAL MONEY.!!

Section 306 of the Federal Election Campaign Act of 1971 (2 U.S.C. 437c) is amended by adding at the end the following new subsection:

"(g) The Commission shall promulgate regulations to prohibit devices or arrangements which have the purpose or effect of undermining or evading the provisions of this Act restricting the use of non-Federal money to affect Federal elections."

!!SEC. 313. TERM LIMITS FOR FEDERAL ELECTION COMMISSION.!!

Section 306 of the Federal Election Campaign Act of 1971 (2 U.S.C. 437c(a)(2)(A)) is amended by striking "terms" and inserting in lieu thereof "no more than one term".

!!SEC. 314. AUTHORITY TO SEEK INJUNCTION.!!

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

(1) by adding at the end the following new paragraph:

"(13)(A) If, at any time in a proceeding described in paragraph (1), (2), (3), or (4), the Commission believes that--

"(i) there is a substantial likelihood that a violation of this Act is occurring or is about to occur;

"(ii) the failure to act expeditiously will result in irreparable harm to a party affected by the potential violation;

"(iii) expeditious action will not cause undue harm or prejudice to the interests of others; and

"(iv) the public interest would be best served by the issuance of an injunction, the Commission may initiate a civil action for a temporary restraining order or a temporary injunction pending the outcome of the proceedings described in paragraphs (1), (2), (3), and (4).

"(B) An action under subparagraph (A) shall be brought in the United States district court for the district in which the defendant resides, transacts business, or may be found, or in which the violation is occurring, has occurred, or is about to occur.";

(2) in paragraph (7), by striking "(5) or (6)" and inserting "(5), (6), or (13)"; and

(3) in paragraph (11), by striking "(6)" and inserting "(6) or (13)".

!!SEC. 315. EXPEDITED PROCEDURES.!!

Section 309(a) of Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)) is amended by adding at the end the following new paragraph:

"(14)(A) If the complaint in a proceeding was filed within 60 days immediately preceding a general election, the Commission may take action described in this subparagraph.

"(B) If the Commission determines, on the basis of facts alleged in the complaint and other facts available to it, that there is clear and convincing evidence that a violation of this Act has occurred, is occurring, or is about to occur and it appears that the requirements for relief stated in paragraph (13)(A) (ii), (iii), and (iv) are met, the Commission may--

"(i) order expedited proceedings, shortening the time periods for proceedings under paragraphs (1), (2), (3), and (4) as necessary to allow the matter to be resolved in sufficient time before the election to avoid harm or prejudice to the interests of the parties; or

"(ii) if the Commission determines that there is insufficient time to conduct proceedings before the election, immediately seek relief under paragraph (13)(A).

"(C) If the Commission determines, on the basis of facts alleged in the complaint and other facts available to it, that the complaint is clearly without merit, the Commission may--

"(i) order expedited proceedings, shortening the time periods for proceedings under paragraphs (1), (2), (3), and (4) as necessary to allow the matter to be resolved in sufficient time before the election to avoid harm or prejudice to the interests of the parties; or

"(ii) if the Commission determines that there is insufficient time to conduct proceedings before the election, summarily dismiss the complaint."

!!SEC. 316. OFFICIAL MASS MAILING ALLOWANCE.!!

Section 311(f) of the Legislative Branch Appropriations Act, 1991 (2 U.S.C. 59e(f)) is amended to read as follows:

"(f)(1) There is established in the House of Representatives an

Official Mass Mailing Allowance for Members of the House of Representatives.

"(2) The Official Mass Mailing Allowance of a Member of the House of Representatives--

"(A) shall be available only for postage for any mass mailing sent by such Member as franked mail;

"(B) shall be the sole source of funding for any such postage; and

"(C) shall be available, in a session of Congress (subject to paragraph (5)(A)(ii)), in an amount not to exceed the total amount allocated to the Official Mail Allowance of such Member in such session.

"(3) No amount may be transferred to or from the Official Mass Mailing Allowance of a Member of the House of Representatives (including as described in the parenthetical matter in subsection (a)(2)(A)), except as provided in subsection (e)(3)(B).

"(4) For purposes of subsection (b), the Official Mass Mailing Allowance of (and any mass mailing sent by) a Member of the House of Representatives shall be treated separately from the Official Mail Allowance of (and any other official mail sent by) such Member.

"(5)(A) Otherwise applicable provisions of law relating to mass mailings sent by a Member of (or Member-elect to) the House of Representatives shall continue to govern such mass mailings--

"(i) except that--

"(I) for purposes of carrying out those other provisions of law, the term 'mass mailing' shall have the meaning given it under paragraph (8); and

"(II) a mass mailing may not be sent if it would be postmarked during any session that begins in an even-numbered calendar year, subject to subparagraph (B); and

"(ii) except as otherwise provided in this subsection.

"(B) Nothing in subclause (II) of subparagraph (A)(i) shall be considered to preclude the mailing of any mail matter--

"(i) sent after the Tuesday next after the 1st Monday in November of such year, and any mass mailing described in section 3210(a)(6)(B) of title 39, United States Code; or

"(ii) which relates to an emergency or disaster declared by the President, if--

"(I) the mailing is sent within 60 days after the emergency or disaster is declared;

"(II) the recipients of the mailing are located in a congressional district any portion of which is within (or adjacent to) an area included in the President's declaration;

"(III) the mailing complies with clauses (iii) and (iv) of paragraph (8)(C);

"(IV) the mailing complies with clauses (i) and (ii)(II) of section 3210(a)(6)(A) of title 39, United States Code; and

"(V) the mailing relates solely to the emergency or disaster.

"(6) A Member of the House of Representatives shall--

"(A) before making any mass mailing, submit a sample of the mail matter involved to the House Commission on Congressional Mailing Standards for an advisory opinion as to whether such proposed mailing is in compliance with applicable provisions of

law, rule, or regulation;

"(B) before making any mailing of substantially identical mail which totals 250 pieces or less (but more than 50) in the same session, and which in every other respect meets the definition of a mass mailing (determined disregarding the exclusion under subclause (II) of paragraph (8)(A)(i)), submit a sample of the mail matter involved to such Commission; and

"(C) before making any mailing of substantially identical mail, in the nature of a town meeting notice, which totals more than 50 pieces in the same session, and which in every other respect (aside from such nature and number) meets the definition of a mass mailing, submit a sample of the mail matter involved to such Commission.

"(7)(A) The regulations prescribed in connection with subsection (a)(3) shall be amended to require, in addition to the information otherwise required to be included in the quarterly report referred to therein, a statement of--

"(i) costs charged against the Official Mass Mailing Allowance of each Member; and

"(ii) the number of pieces of mail in any mass mailing sent by a Member.

"(B)(i) The House Commission on Congressional Mailing Standards shall by regulation establish procedures under which there shall be made available to the public for review and copying any matter submitted to the Commission under paragraph (6). Any copying under the preceding sentence shall be at the expense of the person who requests the copying.

"(ii) Under the regulations, mail matter shall be made available within 2 weeks after the date on which it is requested in accordance with applicable procedures.

"(8) For the purpose of this subsection--

"(A) the term 'mass mailing' means, with respect to a session of Congress, any mailing of newsletters or other pieces of mail with substantially identical content (whether such mail is deposited singly or in bulk, or at the same time or different times), totaling more than 250 pieces in that session, except that such term does not include--

"(i)(I) any mailing of matter in direct response to a communication from a person to whom the matter is mailed; or

"(ii) a single follow-up to any such direct response, if it is made before the end of the Congress in which the direct response was made, it occurs within 6 weeks after any significant congressional action (as defined by the House Commission on Congressional Mailing Standards) on the subject matter involved, and it complies with any requirements which would be applicable to it under clause (i) or (ii)(II) of section 3210(a)(6)(A) of title 39, United States Code, if it were a mass mailing;

"(iii) any mailing from a Member of Congress to other Members of Congress, or to Federal, State, or local government officials;

"(iv) any mailing of a news release to the communications media; or

"(v) any mailing described in clause (iv) or (v) of section 6(b)(1)(B) of the Legislative Branch Appropriations Act, 1995 (39 U.S.C. 3210 note), subject to the same restriction as specified in such clause (iv) with respect to a Member of the Senate;

"(B) the term 'franked mail' has the meaning given such term by section 3201(4) of title 39, United States Code; and

"(C) the term 'town meeting notice' means (including for purposes of subparagraph (A)(iv)) any mailing which--

"(i) relates solely to a notice of the time and place at which a Member of the House of Representatives or 1 or more members of the Member's staff will be available to meet constituents regarding legislative issues or problems with Federal programs;

"(ii) appears on a mailing 5 1/2" x 8" or smaller;

"(iii) includes not more than 3 references to the Member (excluding any reference appearing as the frank, consisting of the signature and name at the end of the mailing, or otherwise specified in regulations of the House Commission on Congressional Mailing Standards); and

"(iv) does not include any picture, sketch, or other likeness of the Member."

!!SEC. 317. PROVISIONS RELATING TO MEMBERS' OFFICIAL MAIL ALLOWANCE.!!

(a) REDUCTION IN MAXIMUM ALLOCATION.--Section 311(e)(2)(B)(i) of the Legislative Branch Appropriations Act, 1991 (2 U.S.C. 59e(e)(2)(B)(i)) is amended by striking "3" and inserting "0.5".

(b) LIMITATION ON TRANSFERS.--Paragraph (3) of section 311(e) of such Act is amended to read as follows:

"(3)(A) Except as provided in subparagraph (B), no amount may be transferred to or from the Official Mail Allowance of a Member of the House of Representatives.

"(B) A Member of the House of Representatives may transfer amounts from the Official Mass Mailing Allowance of the Member to the Official Mail Allowance of the Member."

!!SEC. 318. INTENT OF CONGRESS.!!

It is the intent of Congress that any funds realized by section 316 of the Bipartisan Clean Congress Act of 1995 shall be designated to pay for the benefits provided in section 103.

!!SEC. 319. SEVERABILITY.!!

If any provision of this Act, an amendment made by this Act, or the application of such provision or amendment to any other person or circumstance is held to be unconstitutional, the remainder of this Act, the amendments made by this Act, and the application of the provisions of such to any other person or circumstance shall not be affected thereby.

!!SEC. 320. EXPEDITED REVIEW OF CONSTITUTIONAL ISSUES.!!

(a) DIRECT APPEAL TO SUPREME COURT.--An appeal may be taken directly to the Supreme Court of the United States from any interlocutory order or final judgment, decree, or order issued by any court ruling on the constitutionality of any provision of this Act or amendment made by this Act.

(b) ACCEPTANCE AND EXPEDITION.--The Supreme Court shall, if it has not previously ruled on the question addressed in the ruling below, accept jurisdiction over, advance on the docket, and expedite

the appeal to the greatest extent possible.

!!SEC. 321. EFFECTIVE DATE.!!

Except as otherwise provided in this Act, the amendments made by, and the provisions of, this Act shall take effect on January 1, 1997.

!!SEC. 322. REGULATIONS.!!

The Federal Election Commission shall prescribe any regulations required to carry out this Act not later than 9 months after the effective date of this Act.

There are no more items to read.

Memorandum

PETER JACOBY

2/21

Kruting -

cc: Elena K. ✓
original tone

The Bradley
Campaign Finance
Reform proposal per
our discussion,

(pp 8-9) - Peter



Bill
Bradley
U.S. SENATOR
Democrat/New Jersey

731 Hart Senate Office Building • Washington, D.C. 20510 • 202/224-3224

Contact: Vicki Streitfeld, Patrick Riccards (D.C.)
Jonathan Schuppe (N.J.)

Speech by Senator Bill Bradley
"Freeing Democracy from the Power of Money"

John F. Kennedy School of Government
January 16, 1996

Last fall a man approached me in New Jersey. He said, "Senator, I worked at this place, in one job, for 22 years. In that 22 years, three different companies owned the place. In no one of the three companies did I vest for a pension, because none of them owned the place long enough. So I am now retiring, after 22 years of working here, without a pension, at all."

A woman came up to me on my annual walk along the Jersey Shore and said, "Six months ago, my husband lost his job. Two months ago, I lost my job. We have three children and now we have no health insurance. I went to our pediatrician and he said if the kids get sick, he'll take care of them but Senator, this is America, and you shouldn't have to have a friendly pediatrician in order to get health care for your kids."

In California, a white-collar worker named Ron Smith who lost his job at McDonnell-Douglas two years ago told a journalist how his sense that he was "starting to lose my grip" feeds into the divisiveness that is tearing our country apart: "I get angry, and a lot of anger is coming out," he said. "I'm blaming everyone, minorities, aliens coming across the border. I don't know how much truth there is to it. I mean, I don't think there are any planners and engineers coming across the border. [But] it hurts when you go to an interview and you know damn well you can do the job, and you know they are looking at you and thinking, 'Forget it.'"

In the last seven years, 100,000 people lost their jobs with GE, 60,000 at IBM,

40,000 at Sears. The merger of Chase Manhattan with Chemical Bank will mean 12,000 jobs. And AT&T just announced that they will eliminate 40,000 more jobs, most of them this year.

Senator Joe Biden recently told me that at the Hercules Corporation's research center outside Wilmington, the downsizing has accelerated and become brutal. When employees arrive at their office building on Monday morning, they know that they have been fired when they see a Pinkerton security man standing outside their office door. Usually he tells them that he's sorry and he knows they've worked hard for 22 years, but could they please have their desk cleaned out by noon--and if they don't mind, he'll stand at the door, because the company doesn't want to take the chance that the computer system will be sabotaged. On Mondays at the Hercules Center, no one carools, because it is impossible to predict who will be going home at noon.

The heavy footsteps of downsizing, relocation, part-time jobs, temp jobs, middle age without health care and retirement without a pension may be near or still distant, but they are heard in every home. People are working harder for less. In 1973 the average production, non-supervisory wage was \$315. In 1994 it was \$256. During the first six months of 1993, the Clinton Administration announced that 1.3 million jobs had been created, to which a TWA machinist replied, "Yeah, my wife and I have four of them." And indeed, over half of the newly created jobs were part-time.

For all but the fabulously wealthy, the idea that working hard can lead to a secure future, a chance to provide a better life for your children, and an adequate retirement is slipping away. I hear this fear everywhere: Among the urban working poor, in suburban living rooms, at factory gates, and among engineers with Ph.D.'s and thirty years of experience with large, still-profitable corporations.

The most painful part of it for me, as someone who entered politics with a belief that government could make people's lives better and more secure, is that the political process seems deaf, almost willfully deaf, to the economic anxieties of non-wealthy Americans. Instead of using public power to balance the excesses of private power and enhance opportunity, too many politicians continue playing the proverbial fiddle while the lives of working people become more desperate.

Democrats and Republicans both march along well-worn paths of symbolic politics, waving flags labeled "welfare," "crime," and "taxes" to divide Americans and win elections. Republicans cling to the illusion that government is the problem--even the enemy of freedom--and that less government and free markets will automatically relieve the fears of working Americans. Democrats cling to old programs, like worker retraining, without ever stopping to ask whether those programs are actually working

to change lives for the better or whether jobs are available for the workers we're training.

The political process is paralyzed. Democracy is at a standstill. The budget stalemate is only the latest headline. The federal government has not been able to act decisively and with public consensus behind it in years. On health care, on taxes, on creating jobs, on reforming welfare, we have been at continual deadlock.

Democracy is paralyzed not just because politicians are needlessly partisan. The process is broken at a deeper level, and it won't be fixed by replacing one set of elected officials with another, any more than it was fixed in 1992 or 1994. Citizens believe that politicians are controlled: by special interests who give them money, by parties which crush their independence, by ambitions that make them hedge their position rather than call it like they really see it, and by pollsters who convince them that only the focus group phrases can guarantee them victory. Citizens affected by the choices we have to make about spending and regulation simply don't trust that the choice was made fairly or independently, or in some cases even democratically. They doubt that the facts will determine the result, much less the honest convictions of the politicians. Voters distrust government so deeply and so consistently that they are not willing to accept the results of virtually any decision made by this political process.

Tell people in my state of New Jersey as I did in 1989-90 that the Tax Reform Act of 1986 reduced their federal taxes by \$1 billion a year and they don't believe you because their state and local tax increases offset the reduction. It's gotten to the point that I've had constituents call on the phone to ask how I voted on a particular bill. When my office tells them that the vote hasn't occurred yet, they don't believe you because a radio talk show host said otherwise. For at least six years, since the repeal of the Catastrophic Care legislation in 1989, through the erosion of environmental laws, to the failure of health care and the backlash against the crime bill last year and the budget this year, every major step government has taken has been jeopardized by this mistrust, by a deep and widespread conviction that politicians are acting in their own individual interests rather than acting as honest representatives of the democratic will. There are several reasons for this phenomenon, but one of them is money.

Those who think it's just a matter of perception that politics is driven by money should consider the following facts:

* In House-Senate negotiations over reform of telecommunications laws, one large telephone company, Ameritech, wins a special provision allowing it to build a monopoly in the burglar and fire alarm business, while its competitors are prohibited from entering that industry. Ameritech's PAC gave almost half a million dollars last

year in 600 separate contributions to hundreds of members of Congress of both parties, primarily those on committees with jurisdiction over its industry.

* Another company, Golden Rule Insurance, Inc., gives over \$900,000 in PAC money and soft money contributions to members of Congress, and hundreds of thousands more to organizations affiliated with Speaker Gingrich. In return, the company wins endorsement of medical savings accounts, an insurance product that only Golden Rule offers and which would cost the Treasury \$4 billion, as a centerpiece of the Republican Medicare reform.

* Lobbyists for big corporate contributors sit in the offices of congressional leaders and write the legislation to repeal a century's worth of environmental protections.

* New members of the Congressional majority, while billing themselves as reformers, collect on average more than \$60,000 from Washington-based political action committees in just the first six months in office, a year and a half before they seek reelection. Some take more than \$100,000 in their first days.

* State legislatures, where most politicians get their start and which others treat as a modest, part-time contribution to citizenship, have been taken over by the same forces of money that captured Congress. State legislative races now routinely cost what congressional races used to cost. In New Jersey last year, state Senate candidates spent a record \$8 million on 80 races, most of which were not competitive contests. Illinois assembly and Senate candidates raise \$49 million, \$2.4 million of it from out of state interests, such as gambling companies that seek licenses and new markets.

I have cited more examples involving the new Republican majority than Democrats not because they are uniquely corrupt, but because these incidents are more recent, and money apparently flows to the winners when power shifts. While these abuses are not new, the amounts involved and the level of corruption seem to multiply every few years, with this year's congressional freshman taking twice as much money from PACs right away than the freshman who came to office in 1993. I saw one estimate that said that, in total, at all levels of government in 1996, nearly one billion dollars would be spent.

So the story becomes clear. Economic anxiety eats away at people who work in America. Government fails or refuses to respond. Voters develop a profound and unyielding mistrust of the legislative process. Legislators, including some of those posing as reformers, surrender their offices and their consciences to corporate lobbyists and big contributors with narrow interests to protect. Or, if they maintain their

integrity, as many do, they still have to swim in dirty water which makes it even more difficult to stay clean. And amid biennial promises of change, nothing ever changes.

It's a story Americans have heard before. It's the story of the late 19th Century, the era of the spoils system and recurrent scandal, when politics became hostage to the money power of Wall Street financiers, railroads, and industrialists, when each Senator was virtually the property of whichever magnate had engineered his appointment. It was a time when Washington was dominated by endless debates about the tariff -- a dispute between wealthy financiers and wealthy manufacturers -- quite willfully ignoring the economic plight of the vast majority of Americans who were farmers, miners, and factory workers, or women and African-Americans prohibited from voting. The theologian Walter Rauschenbusch wrote of that time that "In political life one can constantly see the cause of human life pleading long and vainly for redress, like the widow before the unjust judge. Then suddenly comes the voice of property, and all men stand with hat in hand."

Our nation's history demonstrates that the conduct of democracy is not an abstraction. When politics becomes hostage to money, as it did in the late 19th Century, and as it increasingly is today, people suffer. Neither economic opportunity nor economic security is given the place it deserves in our national ambitions. There is still a very tangible relationship between the level of opportunity and security available to every American family and the extent to which we can keep our democracy secure and separate from the force of money.

The late 19th Century was the last time, until now, that America's prosperity failed to translate into higher wages and increased security for American workers. Teddy Roosevelt called the moneymen of politics, "the gloomy anticipations of our gold-ridden, capitalist-bestridden, userer-mastered future." The path to a better Twentieth Century rested on four Progressive principles: Universal suffrage; direct election of Senators; initiative and referendum to give the people a direct check on policy; and campaign finance reform. Although Theodore Roosevelt proposed that "Congress provide an appropriation for the proper and legitimate expenses of each of the great national parties [and] no party receiving campaign funds should accept more than a fixed amount from any individual," only modest disclosure requirements were adopted at the time.

Until we had radically reformed our democracy, to take it away from the Goulds and Vanderbilts and give it back to the people, we could not become the kind of nation that protected seniors from abject poverty, that protected children from abuse, that respected the heritage of the land. But over time, the failure to complete action on that last reform, of the role of money in politics, became a more glaring omission. As

the television replaced the Grange hall, the saloon or the town square as the central forum for public debate, money became an ever more important factor in who ran for office and who was elected. Today we see people spend \$28 million to run for the Senate, a President raising \$44 million for a primary campaign that doesn't exist, and individuals contributing hundreds of thousands of dollars to campaigns by funneling them through the various state parties.

Many accomplished and capable people are right now considering whether to become candidates for the House and Senate. They should be asking themselves, "Can I work hard enough to do a good job?" or "Do I have new ideas that would benefit my constituents?" Instead, they are wondering "Can I find a thousand individuals and PACs willing to give me almost a million dollars?" and "Is there an interest group willing to spend a lot of money to defeat my opponent?"

Money not only determines who is elected, it determines who runs for office. Ultimately, it determines what government accomplishes -- or fails to accomplish. Under the current system, Congress, except in unusual moments, will inevitably listen to the 900,000 Americans who give \$200 or more to their campaigns ahead of the 259,600,000 who don't.

Real reform of democracy, reform as radical as those of the Progressive era, and deep enough to get government moving again, must begin by completely breaking the connection between money and politics. It must eliminate all the interested money -- that is, money with strings attached, from all congressional races.

We have to start by understanding what has happened to past efforts to free politics from the grip of money. Three profound misconceptions have led to the demise of every recent proposal to reform campaign finance.

The first misconception is constitutional. The Supreme Court in 1976, in the case of *Buckley v. Valeo*, held that a rich man's wallet is no different than a poor man's soapbox. Restrictions on total campaign spending, and on wealthy individuals using their own money to buy an office, were held to be equivalent to restrictions on free speech. Even reformers who found this logic absurd have felt it necessary to tiptoe around the Supreme Court, building elaborate contraptions of incentives and voluntary spending limits rather than risking the Court's wrath by simply declaring it illegal to buy a seat in the House or Senate, with your own money or someone else's. On something as crucial to democracy as the role of money in elections, a role that has destructively expanded every year I have been in the Senate, the Constitution is the place to fix the threat to the people's will.

The second misconception is similar, but runs deeper. It is rooted in a failure to understand that democracy and capitalism are separate parts of the American dream, and that keeping that dream alive depends on keeping one from corrupting the other. Speaker Gingrich, for example, has accused those who advocate spending limits of "nonsensical socialist analysis based on hatred of the free enterprise system." He has compared the \$600 million spent on congressional elections with the \$300 million spent to advertise three new antacids, and concluded that politics is "underfunded." Gingrich is not the only person who holds this view, but he makes the sharpest accusations. I would respond by saying that I have no hatred for the free enterprise system, but it is not the same as democracy. Market share is not political power. Democracy and civil society have a different ethic from the marketplace. Democracy requires calm and thoughtful deliberation, and a willingness to accept losing in a fair process, and civil society proceeds from a belief that giving without expectation of return is the highest human gift. Both ethics are much different from the frenetic quest for market share and profit.

The third misconception is that different sources of money in politics are more or less corrupting than others. When politicians write what they call campaign finance laws they try to protect their own sources of funding while cutting off those sources that primarily go to their opponents. Thus the endless hairsplitting between Political Action Committees, individual contributors, personal wealth of candidates, soft money and independent expenditures. Some proposals even draw distinctions among various types of political action committees, banning some and protecting others.

The result has been legislative proposals that tiptoe around actually limiting spending on campaigns; that claim to reduce corruption but don't challenge the idea that money should decide elections; and that draw endless distinctions among different types of money. If any of these proposals became law, they would make very little difference. But the biggest problem with these tortured, hairsplitting, incremental approaches is that voters can't understand them. They don't see, just as I don't see, how these bills would actually fix what's wrong with democracy. As a result, there are no consequences for politicians who block these proposals, so that even incremental reforms never pass, even when they appear to have momentum.

To free our democracy from the power of money, I believe we have to start with two straightforward principles:

First, money is not speech. A rich man's wallet does not merit the same protection as a poor man's soapbox.

Second, all interested money in politics is potentially corrupting. Whether it

comes from an individual, a PAC or a candidates' own investments, it sometimes comes with strings attached, and limiting one source will only open up others. Money in politics is like ants in the kitchen. You have to close every hole, or they will find a way in.

Today I present a specific legislative proposal that builds a realistic structure for a new era in American democracy around these basic principles.

I would start by amending the Constitution simply to clarify that political money is not speech. I will put forward an amendment that would give every state and the U.S. Congress explicit authority to limit spending in campaigns and contributions from any sources. Such an amendment, or a reconsideration by the Court of its decision in Buckley, would be an essential underpinning of any real reform.

I have supported few Constitutional amendments during my time in public life, and I have been especially skeptical of those that sought to limit rights. However, I am convinced that this amendment would protect rights by strengthening democracy. It would not limit the First Amendment, but would clarify that the right to buy an election is not a form of freedom of expression.

We should also consider the possibility that our current system of campaign finance is as deeply unconstitutional as any reform might be. Years ago the Court outlawed so-called "white primaries," in which the white voters who controlled Democratic parties in Southern states met to decide who their candidate would be. Today we have a "wealth primary," where wealthy contributors determine who has the opportunity to run for office and who we have a chance to vote for. This amendment would eliminate the wealth primary and give every American an opportunity not only to run for office but to vote for who they want to.

With the constitutional misconception out of the way, I would start from scratch. This proposal would focus on Senate elections, but would provide a model for elections to the House, state legislatures, governorships, or even the handling of referenda. I would give the citizens of each state direct control over how much money would be spent in their state's elections. I would say to each taxpayer, in each state, you have an opportunity to give from \$1 to \$5,000 per year, but only to a campaign in your state. You would contribute it by adding it to your tax liability and sending the checks with your tax return. But you would be contributing to the election campaign, not to a candidate. All the money would go into a shared fund, and every Senate election year, on Labor Day, the candidates would take the fund and divide it equally among all qualified candidates--Republican, Democrat, or qualified independent.

Outside of the money from the common fund, Senate candidates could not raise or spend any money from PACs, individual donors, the party, or their own pocketbooks to further their candidacy. If the voters and taxpayers concluded that they liked the level of information and advertising they got from a \$20 million campaign -- if they agreed with Speaker Gingrich, in other words -- they could choose that kind of election. If they wanted a cheaper election they could choose that option by their "votes" on the tax return.

To ensure that all candidates have an opportunity, an equal opportunity, to reach all voters, I would reclaim part of the public airwaves as a public forum. Every broadcast licensee, radio or television, would be required as a condition of licensing to provide two hours of free time to every candidate, one hour in prime time, in units of at least one minute. The airwaves are public property. They now offer the closest thing we have to a shared culture and a common forum for discussion of ideas. That forum should not be available only to the highest bidder. It must include an open space for citizenship, for civil society, for the healthy promotion of ideas. We have not only a right to insist that broadcasters provide that space, but a responsibility to ensure that the public's airspace is used in the interest of rebuilding democracy.

Who would be a qualified candidate, eligible to receive money from the common fund and broadcast time? Any party that had received 10% of the vote in the previous two Senate elections would automatically qualify once it selected a candidate. Independent candidates and new parties would be required to obtain signatures of 5% of all eligible voters in the state, but once they qualified, the candidates and their ideas would be treated equally. A candidate who refused to participate in at least one debate would be completely shut out -- he could not participate in the shared fund or raise money separately.

Candidates seeking the nomination of a major party would not receive funds or broadcast time for the primary, and would be permitted to raise private funds. But they would be required to raise or 100% of those funds in contributions of \$100 or less.

That's it. For the general election there would be no PACs. No private contributions from wealthy individuals. No bundling of contributions from the executives of a company to evade PAC limits. No money from out of state. No candidates using their own funds. No refusal to debate. All the sources of corruption in the current system would be cut off. Speech would be protected; money would be restricted.

This proposal won't sound like anything we've heard before. It will take people a while to get used to it. Some people will worry that there won't be enough money

for good campaigns. But if that is so and the people are less informed, that will be their choice. No longer will special interests control it. But keep in mind that TV and radio accounts for about 50% of the cost of campaigns. With free broadcast time, the money which will be cut, if voters choose a low-budget campaign, would be the money that candidates spend on polling, consultants, gifts and the rest. The process of providing information to voters would more than likely be protected, but then again, if it decreases, it will be the citizens' choice.

Other people will be offended at the idea of contributing to democracy, rather than to a candidate. Some people have asked me, "Why should I contribute to Jesse Helms?" or "Why should I contribute to Ted Kennedy?" That's a fair concern. But as things now stand, for example, Senator Helms, as an incumbent and for other reasons, raised \$17 million, \$10 million more than his last opponent. Whether you oppose Senator Helms or support him, putting him and his opponents on a level playing field is far more important than the \$1,000 that any of us as an individual can give to either candidate in that race. If you have the strength of your convictions, there is no reason to fear a fair fight.

Others will say that the proposal helps incumbents, but incumbents have an even bigger financial advantage in the present system and they are defeated regularly. Besides, if doing your job well helps you get reelected, who can criticize it?

Finally, still others may note that I have supported public financing of campaigns in the past and this is not exactly public financing. Indeed, it is not public financing. It does not take taxpayer dollars and provide them to political campaigns. It is not public financing, but it is public control of elections. As long as voters mistrust politicians as they do, we're not going to get past the skepticism about public financing. We have to rebuild that trust first, and I think that giving voters *control* of campaigns is the way to do it.

I believe there is a deep hunger for this kind of reform. I have been very impressed by the energy of activists at the state level, who are using one breakthrough in democracy -- the initiative and referendum -- to break down the barriers to another, campaign finance reform. Never before have we seen so much grass roots activity on the issue of campaign finance reform. In 1994, ballot initiatives won in Missouri, Oregon and Montana, as well as the District of Columbia in 1992. And, so far, we can expect in 1996 initiatives in Maine, California, and Alaska, Arkansas and Colorado. Other states where groups are considering initiative drives include Wisconsin, Nebraska, South Dakota and Illinois. The initiatives on the ballot this year are radical and serious. Whether they emphasize modest public financing or limiting contributions to \$100, they are big, uncompromised reforms that would go a long way

toward freeing state legislatures from the grip of moneyed interests. I consider those state activists my partners in this reform proposal, and I believe they deserve to have a proposal on the table in Washington that is as radical, as serious and as real as what people are talking about in the states.

Many politicians and academics may focus on what they see as the worst possible outcome of this proposal: that voters, given control, might choose to sharply cut back the amount of money available in campaigns. Indeed, they seem to be contributing less in the Presidential check-off. But if that happens, the worst consequence would be a resurgence of door-to-door campaigning, of politicians listening instead of polling, and of campaigns led by candidates and their ideas rather than consultants and their focus-group-tested messages. In other words, the system would adjust in what could very well be a way that reinvigorates citizen participation. To argue against changing the status quo that everyone knows compromises democracy is a terribly pessimistic position. Now is the time to be bold.

At its best, however, I believe that giving voters control over campaigns will be enough to return democracy to the people, freeing it from the power of money. It could restore confidence and faith in the legitimacy of democratic decision-making, freeing both Congress and the Presidency from the cycle of gridlock, action, and backlash. Ultimately, it will free our democracy to do what it can do when it works well: use the power of government to build a structure of economic security and economic opportunity for all American families.

THE WHITE HOUSE

Office of the Press Secretary

Embargoed for Release
Until 10:06 A.M. EST
Saturday, February 17, 1996

RADIO ADDRESS BY THE PRESIDENT TO THE NATION

THE PRESIDENT: Good morning. Today I want to talk about what we need to do in Washington to make our democracy work better for all Americans so that we can meet our challenges together and take advantage of the enormous possibilities of our future.

In my State of the Union Address, I outlined seven challenges we face as we move into the future -- challenges we must meet if we are to keep the American Dream alive for all our people and unite our country around our shared values.

The first six challenges are challenges we all face together -- strengthening our families and giving all children a good childhood; providing better educational opportunities for all Americans; enhancing the economic security of all our working families through great access to health care, secure pensions, lifetime education and more good jobs; fighting crime and gangs and drugs so that all Americans can feel safe again, so that crime is the exception, not the rule; protecting our environment; maintaining our world leadership for peace and freedom. These challenges we must meet together as partners.

The seventh challenge is really America's challenge to all of us in public service. It is a challenge to continue to reinvent our government so that it works better and costs less, and to make our democracy work better for the American people by limiting the influence of special interests and expanding the influence of our people.

Today I'm in New Hampshire, where citizens will exercise their responsibility as voters in the first primary of the year on Tuesday. It's no secret that even here in New Hampshire, with its proud tradition of town meetings and studied debate over the issues, people want all of us in politics to clean up our act. The fact is, organized interests have too much power in the halls of government. These influence groups too often promote their own interest at the expense of the public interest. Too often they operate in secret. Too often they have special privileges ordinary Americans don't even know exist. And elections, where ordinary voters should have the loudest voice, have become so expensive that big money can sometimes drown those voices out.

Yet we have made progress in the last three years. Shortly after I took office, I implemented the toughest ethics code on executive officials in our history. Senior appointees are barred from lobbying their own agencies for five years after they leave, and they can never lobby for foreign governments.

In 1993 we repealed the tax loophole that lets lobbyists deduct the cost of their activities. And early last year, Congress finally passed a law that applies to Congress the laws they impose on the private sector.

Last June I met with Speaker Gingrich in Claremont, New Hampshire, for a town meeting. The very first question we took was

MORE

from Frank McConnell, a retired steel worker, who wanted us to launch a bipartisan effort to clean up politics and curb the power of special interests through passing campaign finance reform. I'm meeting Mr. McConnell later today to thank him and to bring him up to date.

Last year Congress answered my call to stop taking gifts, meals and trips from lobbyists. In December I signed a bipartisan bill to bring lobbyists out from the darkrooms and into the bright light of public scrutiny. That's half of what Mr. McConnell asked us to do.

When this law's first deadline approached earlier this week, lobbyists were pouring into registration offices for the very first time to let the public know who they are, what they do, who pays them, and how much. This is a tough law. It's good for the American people. I'm proud to have signed it. And I congratulate the members of Congress, Republicans and Democrats alike, who voted for it. Now we have a chance to finish the job, to make the way we finance campaigns work better, too.

Two distinguished United States senators have sponsored a sensible campaign finance reform bill that can serve as a foundation for real reform. John McCain is a Republican Senator from Arizona. Russ Feingold is a Democratic Senator from Wisconsin. On many issues it's fair to say that Senator McCain and Senator Feingold don't see eye to eye. But they do know this: The health of our democracy goes way beyond partisan politics, and it's high time to reduce the influence money has on elections.

The McCain-Feingold bill includes limits on spending, curbs on the influence of PACs and lobbyists, and an end to the soft money system. The bill will discourage the attack ads that have become all too common by requiring candidates to take responsibility for putting them on the air. Perhaps most important of all, this bill provides free TV time for candidates so that they can talk directly to citizens about real issues and real ideas.

All these campaign finance reform ideas are ideas I embraced back in 1992 when I was running in New Hampshire. Now, as we work to reform campaign finance, we must do everything we can to ensure that we open, not limit, the political process. Our goal is to take the reins of our democracy away from big special interests, from big money, and to put them back into the hands of ordinary Americans, where they belong.

Our bottom-line test should be: Will our efforts make our government more representative, not less representative? Will reform make our elected representatives more likely to promote the public interest, even when it conflicts with powerful special interests?

We have an historic opportunity to renew our democracy and strength our country. If we truly believe in a government that puts ordinary Americans ahead of the powerful and privileged, then we must act and act now. I call on members of Congress from both parties to follow through on what Frank McConnell asked of the Speaker and me: Let's put politics aside, work together, and get this done.

If you take pride in our democracy, as I know all of you do, then let's pass a bipartisan campaign finance reform bill now and give the American people something all of us can be proud of.

Thanks for listening.

END

EXECUTIVE OFFICE OF THE PRESIDENT

13-Feb-1996 05:10pm

TO: Kathleen M. Wallman

FROM: Lori L. Anderson
Presidential Correspondence

SUBJECT: Political Reform Form Letter

Following is a draft for the revised political reform form letter. Much of the language has been taken directly from the State of the Union address and background information, in addition to the President's remarks from the December Lobbying Disclosure Act signing ceremony. Please take a look and make revisions as you see fit. I am looking forward to hearing from you soon. Thanks!

Thank you for sharing your ideas about political reform. I appreciate your perspective on this important issue.

For the past three years, my Administration has worked with Congress to stop the federal government from doing business-as-usual. We have sought to curb the power of narrow interests and make politicians more accountable to the people they serve. Last year I asked Congress to take four major steps toward political reform. And Congress agreed. They applied to themselves the laws that they pass governing the rest of America. They gave up gifts, meals, and trips from lobbyists, and last December they enacted strong lobbying disclosure provisions bringing lobbying into the sunlight of public scrutiny.

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And now, for the first time in a generation, Congress is striving to reduce the influence of money on elections. With the McCain-Feingold bipartisan campaign finance reform bill, Congress is working hard to curb special interest influence in politics by limiting spending, curbing the campaign power of PACs and lobbyists, and providing free television time for candidates who abide by voluntary spending limits. The proposed legislation also seeks to ban the personal use of campaign funds, increase the accountability of those who engage in political advertising, and restrict the use of soft money.

I am proud of the progress we have made so far, and I am confident that with these political reforms we can make our government more efficient and more responsive to the American people. Working together, we can put the people first.