

NLWJC - Kagan

Counsel - Box 034 - Folder 008

Campaign Finance Materials [5]

ANTI-CORRUPTION ACT of 1996

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

We, the undersigned, registered, qualified voters of California, residents of _____ County (or City and County), hereby propose amendments to the Government Code and the Revenue and Taxation Code, relating to political practices, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding primary or general election or at any special statewide election held prior to that primary or general election or otherwise provided by law. The proposed statutory amendments read as follows:

The people of the State of California do enact as follows:

SEC.

1. Chapter 5 (commencing with Section 85100) of Title 9 of the Government Code is repealed.

SEC. 2. Chapter 5 (commencing with Section 85100) is added to the Government Code, to read:

Chapter 5. Anti-Corruption Act of 1996

APPLICABILITY, DEFINITIONS, AND AMENDMENT

SEC. 3. Title

85100. This chapter shall be known and may be cited as the Anti-Corruption Act of 1996.

SEC. 4. Findings and Declarations

85101. The people find and declare as follows:

(a) Our representative system of democracy has been distorted by the increasing role of money in the process. The interests of average voters are not represented in a process which favors candidates who can raise and spend huge sums of money from narrow interests rather than those candidates who represent a broad base of community support.

(b) Politicians have failed to impose rules which are sufficient to govern campaign

spending, contributions, and lobbyists to prevent corruption. In the past seven years, the People have witnessed many members of the Legislature, their staffs, and lobbyists convicted of bribery and other forms of corruption in which campaign contributions have been linked to official actions. Past and current laws did not and do not prevent corruption, therefore the People need the strictest measures possible to prevent corruption in the future.

(c) Large contributions to political committees and political campaigns have a corrupting or potentially corrupting influence on the policy making and electoral process, resulting in an elections process that distances voters from candidates. Over 90 percent of the money raised by California candidates for public offices comes in contributions of \$100.00 or more.

(d) Candidates generally do not seek financial support from people in the District that the candidates seek to represent. State legislators raise over 90 percent of their contributions from people and interests who live outside their district.

(e) Candidates are increasingly reliant on campaign contributions from groups and individuals with a specific financial stake in matters before state and local governments.

(f) While spending on political campaigns has escalated, citizen participation in the political process has declined, and the people know too little about the issues or the particular positions of candidates for elective office. Limits on campaign spending will relieve candidates and officeholders from the need for fundraising. The conduct of both political campaigns and governance thereby will be improved. Campaign expenditures have risen by 4000 percent since 1958. The increase has consisted principally of contributions from special interests.

(g) The United States Supreme Court based its decision in *Buckley v. Valeo*, 424 U.S. 1, on a concern that spending limits could restrict political speech, "by reducing the number of issues discussed, the depth of their exploration, and the size of the audience reached." The People's experience with the electoral process is otherwise. In California elections, unlimited spending has not increased the reach of issues to more voters. Instead, money has drowned and distorted political discourse.

(h) Current campaign financing arrangements, with the actual and perceived preferential access to lawmakers for special interests capable of contributing sizeable sums to lawmakers' campaigns, have provoked public disaffection with elective government.

(i) Lobbyists have a specific financial stake in legislation and policy and have a corrupting or potentially corrupting effect on elections when they make contributions to candidates for elective office in an executive or legislative body in which they also lobby.

(j) Political parties are increasingly controlled by large special interest contributors. Political parties respond less to average voters' needs and deter voter participation in political organization.

SEC. 5. Purpose of the Law

85102. The people enact this chapter to accomplish the following purposes:

(a) To restore trust and integrity in the state's elections and governing institutions.

(b) To eliminate corruption and the perception of corruption by reducing the

influence of large contributions from individuals and groups with a specific financial stake in matters before state and local governments.

(c) To ensure, by severing the link between lobbying and campaign fundraising, that individuals and interest groups have an opportunity to participate in elections and governing.

(d) To improve the disclosure of contribution sources in reasonable and effective ways in order to prevent corruption and the appearance of corruption of elections and candidates.

(e) To improve citizen participation in elections by making elected officials and political parties more accountable to constituents than to special interest groups, thereby fostering competition and encouraging greater grassroots participation in political organization.

(f) To relieve candidates for elective office and elected officers from the burdens of excessive fundraising, thereby providing greater opportunity for public debate and political discourse.

SEC. 6. Applicability of the Law

85103. Unless the term is defined specifically in this chapter or the contrary is stated or clearly applies from the context, the definitions set forth in this title shall govern the interpretation of this chapter. This chapter shall be construed liberally to achieve its purposes. Nothing in this chapter shall exempt any person from the applicable provisions of this title or of any other law. Nothing in this chapter shall be construed to apply to the activities of any candidate, or committee, or to any election that is specifically subject to the Federal Election Campaign Act of 1971, as amended.

SEC. 7. Definitions

85104. The following terms as used in this chapter have the following meanings:

(a) "Candidate" means that term as defined in Section 82007.

(b) "Committee" means that term as defined in subdivisions (a) or (c) of Section 82013, but shall not include a candidate, as defined in subdivision (a) of this section, and shall not include a committee that does not make contributions to candidates. For purposes of this chapter, a political party is a committee unless specific provisions applicable to political parties indicate otherwise.

(c) "Citizen Contribution Committee" means a committee whose membership is comprised solely of 25 or more individuals who each make a contribution or contributions which in the aggregate total \$25.00 or less per calendar year per individual member. Such a committee shall be in existence for at least six (6) months prior to making any contribution to any candidate or committee and shall not be controlled by any candidate. Nothing in this section shall prohibit a political party from establishing a Citizen Contribution Committee.

(d) "Individual" means one human being.

(e) "Statewide elective office" means the Office of Governor, Lieutenant Governor, Attorney General, Controller, Treasurer, Secretary of State, Superintendent of Public Instruction, Justices of the Supreme Court, and Insurance Commissioner, and any other office for which all registered voters of the state are entitled to vote in a general election.

(f) "Voting age population" means the population of the state, city, county, or other electoral district aged eighteen years or over as determined by the United States Secretary of Commerce. If for any reason no such determination is made, the commission shall from time to time determine the voting age population from the best readily available sources of information.

CANDIDACY

SEC. 8. Rules for Candidacy

85200. (a) Prior to the solicitation or receipt of any contribution or loan, an individual who intends to be a candidate for an elective office shall file with the commission and with the local filing officer, if any, with whom he or she is required to file campaign statements pursuant to Section 84215, a statement signed under penalty of perjury of the intention to be a candidate for office and identifying that specific office.

(b) A candidate shall establish one campaign contribution account at an office of a financial institution located in the state. Within 10 calendar days of establishing this account, the the name and address of the financial institution and the account number shall be filed with the commission and with the local filing officer, if any, with whom he or she is required to file campaign statements pursuant to Section 84215.

(c) All contributions or loans made to the candidate, or to the candidate's controlled committee, shall be deposited into the account established pursuant to subdivision (b). Any personal funds of the candidate that will be used to promote the election of the candidate shall be deposited into the account. All campaign expenditures shall be made from the account.

CONTRIBUTION LIMITATIONS

SEC. 9. Limitations on Out-of-District Contributions

85306. (a) For purposes of seeking elective office, a candidate may not accept more than 25 percent of his or her total dollar value in contributions from individuals who at the time of their contribution were not of the voting age population of the electoral district of the elective office sought by the candidate. The limitations of this subdivision shall not apply to funding provided by federal, state, or local government for purposes of campaigning for an elective office.

(b) Contributions to candidates from persons, other than individuals, shall be treated as contributions from individuals who are not of the voting age population of the electoral district of the elective office sought by the candidate. When aggregated with contributions from individuals who are not of the voting age population of the electoral district as described in subdivision (a), such contributions from persons, other than individuals, shall not total more than 25 percent of the total dollar value of the candidate's contributions. This subdivision shall not apply to contributions from a Citizen Contribution Committee established

and maintained within the electoral district of the candidate and 100 percent of whose membership comprises individuals who at the time of their contribution were of the voting age population of the electoral district of the elective office sought by the candidate. For the purposes of this subdivision only, membership less than 100 percent shall not constitute a violation of this provision to the extent that such membership meets the *de minimis* requirements for membership as set forth in this subdivision.

(c) The percentage of contributions from individuals in subdivision (a) and persons in subdivision (b) shall be reported by the candidate on any campaign statement required to be filed by the candidate pursuant to Chapter 4 (commencing with Section 84100). If any campaign statement filed by a candidate pursuant to Chapter 4 (commencing with Section 84100) indicates, or should indicate, that more than 25 percent of the candidate's total dollar value in contributions is from persons who at the time of their contribution were not, pursuant to subdivisions (a) and (b), individuals of the voting age population of the electoral district of the elective office sought by the candidate, there shall be a violation of this title.

(1) When contributions to a candidate exceed the limits of this section by 10 percent or less of the maximum permissible dollar value, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for this violation, the amount of the monetary penalty shall be equal to the amount by which the contributions exceeded the limit.

(2) When contributions to a candidate exceed the limits of this section by more than 10 percent of the maximum permissible dollar value, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for this violation, the amount of the monetary penalty shall be three times the amount by which the contributions exceeded the limit, or ten thousand dollars (\$10,000), whichever is greater.

(3) The monetary penalty shall be distributed in accordance with section 91009. Notwithstanding Section 13340 of the Government Code, the moneys deposited into this fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title.

SEC. 10. Limitations on Contributions from Persons to Candidates

85301. (a) No person, except a Citizen Contribution Committee, shall make to a candidate, and no candidate shall accept, a contribution or contributions with an aggregate value in excess of the following:

(1) One hundred dollars (\$100) per election per candidate other than candidates for statewide elective office and the Board of Equalization.

(2) Two hundred dollars (\$200) per election per candidate for statewide elective office and the Board of Equalization.

(b) No person shall make one or more contributions to any other person for

the purpose of contributing to a specific candidate, which when added together, or when added together with contributions made directly to the candidate by the first person, will have an aggregate value in excess of the limits stated in this section.

(c) Nothing in this chapter shall prohibit independent expenditures by a person.

(d) Nothing in this chapter shall prohibit a candidate from making a contribution or contributions of his or her personal funds to his or her own controlled committee in excess of the limits in this section, except that a candidate's expenditure of personal funds in the aggregate shall not exceed the limitations set forth in Section 85401 to the extent that section is in effect.

(e) This chapter shall not prohibit the state or a local jurisdiction from establishing lower contribution limitations than those set forth in this chapter.

(f) For purposes of this section, primary, general, special and run-off elections are separate elections.

SEC. 11. Limitations on Contributions from a Citizen Contribution Committee to a Candidate

85302. A Citizen Contribution Committee shall be permitted to make a contribution or contributions to a candidate, and a candidate shall be permitted to accept contributions from a Citizen Contribution Committee to the extent that such contributions do not exceed the maximum amount of what 100 individuals can contribute to a candidate, as set forth in Section 85301.

SEC. 12. Limitation on Contributions from Persons to Committees

85303. No person shall make to any committee, and no committee shall accept from any person, one or more contributions with an aggregate value in excess of two hundred dollars (\$200) in any calendar year per committee. This provision shall not apply to contributions to candidates, Citizen Contribution Committees, or political parties or to contributions which are otherwise prohibited by law.

SEC. 13. Limitation on Contributions from Persons to Political Parties

85304. (a) No person, except a Citizen Contribution Committee, shall make to a state or local political party organized under the laws of this state for the purpose of making contributions directly or indirectly in connection with state or local elections in California, one or more contributions with an aggregate value in excess of five hundred dollars (\$500) per calendar year per political party. No state or local political party organized under the laws of this state shall accept from a person, except a Citizen Contribution Committee, for the purpose of making contributions directly or indirectly in connection with state or local elections in California, one or more contributions with an aggregate value in excess of five hundred dollars (\$500) in any calendar year per political party. The limitations of this subdivision shall apply to contributions for generic activities which do not identify a specific

candidate as well as to get-out-the-vote, voter file maintenance and all other activities of the political party in connection with state or local elections in California. Nothing in this subdivision shall be read to prohibit a Citizen Contribution Committee from making contributions to a political party to the extent that such contributions do not exceed the maximum amount of what 100 persons can contribute to a political party, as set forth above. The limitations of this subdivision shall not apply to contributions to the Voter Registration Fund of a state or local political party established under subdivision (b), below.

(b) A state or local political party shall be permitted to establish a Voter Registration Fund for the exclusive purpose of conducting noncandidate-specific, partisan voter registration activities in California. No person shall be permitted to make, nor shall a state or local political party organized under the laws of this state accept, contributions which when aggregated total more than \$5,000 per person in any calendar year to the Voter Registration Fund. Any administrative or other costs associated with a communication to solicit or otherwise direct contributions to the Voter Registration Fund shall be permitted to be paid through the Voter Registration Fund to the extent that the communication has as its principal purpose to register voters in California.

SEC. 14. Aggregate Limitations on Contributions

85305. The following shall apply to limit the amount of aggregate contributions:

(a) No individual shall make contributions with an aggregate value of more than two thousand dollars (\$2,000) per calendar year to all state and local candidates, committees, and state or local political parties organized under the laws of this state for the purpose of making contributions directly or indirectly in connection to state or local elections in California. Of this aggregate amount, an individual shall contribute no more than one thousand dollars (\$1,000) per calendar year to committees other than political party committees. The limitations of this subdivision shall not apply to contributions to the Voter Registration Fund established by a state or local political party.

(b) No person shall make contributions with an aggregate value of more than ten thousand dollars (\$10,000) per calendar year to all state and local candidates, committees, and state and local political parties organized under the laws of this state for the purpose of making contributions directly or indirectly in connection with state or local elections in California. The limitations of this subdivision shall not apply to individuals or Citizen Contribution Committees.

SEC. 15. Limitations on When Contributions Can Be Received

85307. (a) No candidate shall accept or solicit contributions more than nine months before the election for the office for which the candidate has filed his or her statement of intention to be a candidate for elective office pursuant to Section 85200. The commission, or local elections authority designated by the commission in the case of local elections, shall for each election designate the date on which a candidate may begin to accept or solicit

contributions.

(b) No candidate shall solicit contributions after the date of the general or runoff election for the office to which the candidate sought election. No candidate shall accept contributions more than 30 calendar days after the date of the general or runoff election for the office to which the candidate sought election.

(c) For purposes of this chapter, all contributions shall be deposited in the candidate's campaign account within 10 calendar days after they are received or, in the alternative, shall be returned to the contributor. Contributions so deposited shall be deemed to have been accepted by the candidate.

SEC. 16. Transfer of Contributions

85308. (a) No candidate may make any contribution to any other candidate who has established a candidate account pursuant to Section 85200.

(b) This section shall not prohibit a candidate from making a contribution from his or her own personal funds either to his or her own candidacy, to the controlled committee of any other candidate for elective office, or to a recall or ballot measure committee.

(c) This section shall not prohibit a candidate from transferring contributions among his or her own controlled committees, so long as each transfer complies with both of the following:

(1) The transferring committee makes each transfer on a per-contribution basis in reverse chronological order of the contributions it received, beginning with the most recent contributor to the transferring committee.

(2) No transfer, either by itself, or when added to any contribution made by the same contributor to the committee receiving the contribution, shall exceed the amount the same contributor is otherwise permitted, pursuant to this chapter, to contribute to the committee receiving the transferred contribution.

SEC. 17. Candidate Loans

85309. (a) A loan to a candidate or a candidate's controlled committee for the purpose of seeking elective office by a commercial lending institution in the normal course of business shall not be subject to this chapter and shall be made by written instrument from the maker of the loan. A loan by a commercial lending institution shall be made to a candidate bearing the usual and customary interest rate of the lending institution. If the loan is made other than by a commercial lending institution in the normal course of business, then the terms of the loan shall be in writing and provide for payment of at least 80 percent of the prevailing commercial market rate of interest on the loan. All loans shall provide for satisfaction of the loan not later than 30 days after the election for which the candidate has filed or declared.

(b) Extensions of credit for a period of more than 30 calendar days, other than by loans, are considered to be contributions and are subject to the contribution limitations of this chapter.

(c) No candidate shall personally loan to his or her campaign money, goods,

or services that have an aggregate value at any one point in time of more than ten thousand dollars (\$10,000) or more than twenty-five thousand dollars (\$25,000) in the case of a candidate for Governor. Nothing in this section shall prohibit or restrict a candidate from making contributions, other than loans, to his or her own campaign from the personal funds of the candidate.

SEC. 18. Family Contributions

85310. (a) For purposes of this chapter, a contribution made by a married person shall not also be considered a contribution by that person's spouse.

(b) Contributions by children under the age of 18 years shall be treated as contributions by their parents or guardians.

SEC. 19. Violation of Contribution Limitations

85311. Any candidate or committee that accepts a contribution made in violation of Sections 85301, 85302, 85303, or 85304 shall, not later than 30 days after knowing or having reason to know of that violation, deposit an amount equivalent to the value of that contribution into the Anti-Corruption Act of 1996 Enforcement Fund established by the commission to enforce the provisions of this chapter. If a candidate or committee fails to make this payment within the 30-day period, the candidate or committee shall have violated this section. The remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this section, except that when the commission or a court of law assesses a monetary penalty in an administrative or civil action for a violation of this section the amount of the monetary penalty shall be three times the value of the contribution the candidate or committee failed to pay to the commission as required by this section. The statute of limitations shall not apply to this provision. The monetary penalty shall be distributed in accordance with section 91009. Notwithstanding Section 13340 of the Government Code, the moneys deposited into the Anti-Corruption Act of 1996 Enforcement Fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title.

SEC. 20. Contributions from Lobbyists

85312. No candidate shall solicit or accept a contribution from, or arranged or transmitted by, a lobbyist or lobbying firm and no lobbyist or lobbying firm shall make, arrange, or transmit in any way a contribution to a candidate if that lobbyist or lobbying firm is required to register as a lobbyist or lobbying firm either pursuant to Chapter 6 (commencing with Section 86100) or under any other provision of state or local law for the governmental agency or body in which that candidate holds office or to which that candidate is seeking election.

SEC. 21. Surplus Campaign Funds

85313. (a) Within 90 days after a candidate withdraws from, is defeated in an

election for, or is elected to, an office for which the candidate has filed a statement of intention to be a candidate for elective office pursuant to Section 85200, the candidate shall distribute the balance of campaign funds raised for that election that is in excess of the expenses for the election on a pro rata basis to the candidate's contributors or turn over the excess to the Anti-Corruption Act of 1996 Enforcement Fund for the purposes of enforcing this title.

(b) Any excess campaign funds may be used to pay reasonable attorney's fees and other costs in connection with enforcement proceedings against the candidate or legal challenge to election results. All funds so expended shall be publicly disclosed pursuant to the requirements of Chapter 4 (commencing with Section 84100) and shall be exempt from the attorney-client or any other privilege for nondisclosure.

(c) No contributions may be solicited for the purpose of paying attorney's fees as provided in subdivision (a), except to the extent that the contributions have been raised within the limitations and restrictions of this chapter.

SEC. 22. Contributions from Labor Organizations, Banks, Business Entities, and Non-Profit Corporations

85314. (a) It shall be unlawful for:

(1) any labor organization, state or national bank, business entity, or nonprofit corporation organized by authority of any law of Congress or any state to make a contribution for the purpose of influencing an election to any elective office or for the purpose of influencing any primary election or political convention or caucus held to select candidates for any elective office;

(2) any candidate or person knowingly to accept or receive any contribution prohibited by this section;

(3) any officer or any director of any labor organization, state or national bank, business entity, or nonprofit corporation organized by authority of any law of Congress or any state to consent to any contribution by any labor organization, state or national bank, business entity, or nonprofit corporation prohibited by this section.

(b) The remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to any labor organization, state or national bank, business entity, or nonprofit corporation that violates this section, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for a violation of this section, the amount of the monetary penalty shall be three times the amount contributed or expended in violation of this section or ten thousand dollars (\$10,000), whichever is greater.

(c) In addition to any other administrative or civil remedy applicable under this title, any officer, director, attorney, accountant, or other agent of the labor organization, state or national bank, business entity, or nonprofit corporation violating any provision of this section or authorizing the violation of this section, or any person who violates or in any way knowingly aids or abets the violation thereof, is guilty of a misdemeanor and, in addition to

any other criminal penalties provided by law, a fine of not more than ten thousand dollars (\$10,000) may be imposed upon conviction for each violation.

(d) Nothing in this section shall prohibit the employees, shareholders, or members of any labor organization, state or national bank, business entity, or nonprofit corporation organized under the authority of the Congress or the laws of any state from establishing a committee that operates free of any support from any labor organization, state or national bank, business entity, or nonprofit corporation organized under the authority of the Congress or the laws of any state, subject to the limitations otherwise provided in this chapter.

(e) Nothing in this section shall prohibit a labor organization, state or national bank, business entity, or nonprofit corporation, organized under the authority of Congress or the laws of any state, from providing indirect support to any Citizen Contribution Committee which receives contributions totaling \$5,000 or less per calendar year. Such support shall not include fundraising or related activity.

(f) Nothing in this section shall prohibit a labor organization, state or national bank, business entity, or nonprofit corporation, organized under the authority of Congress or the laws of any state, from providing indirect support to any committee, except a political party or candidate, for administration and compliance. Such support shall not include fundraising or related activity, except as provided in section (g).

(g) Nothing in this section shall prohibit a labor organization, state or national bank, business entity, or nonprofit organization, organized under the authority of Congress or the laws of any state, from providing indirect support to any committee, except a political party or candidate, for fundraising or related activity to the extent that such support is in the aggregate 20 percent or less of the contributions received by that committee per calendar year.

(h) Nothing in this section shall prohibit a labor organization, state or national bank, business entity, or nonprofit corporation, organized under the authority of Congress or the laws of this state, which sponsors a committee, from making a payment at the behest of a candidate or committee so long as the labor organization, state or national bank, business entity, or nonprofit corporation is reimbursed by its sponsored committee within 30 days of making the payment.

(i) This section shall not apply to elections to federal office under the jurisdiction of the Federal Election Campaign Act of 1971, as amended.

SEC. 23. Internal Communications

85315. Nothing in this Act shall prohibit a labor organization, state or national bank, business entity, nonprofit corporation, or committee from paying the costs of internal communications with its members, employees or shareholders for the purpose of supporting or opposing a candidate or candidates for elective office or a ballot measure. Such expenditures shall not be considered a contribution or independent expenditure under the provisions of this act, provided such payments are not for the costs of campaign materials used in connection with broadcasting, newspaper, billboard or similar type of general public communication.

SEC. 24. Bundling of Contributions

85316. Contributions made directly or indirectly to or on behalf of a particular candidate through an intermediary or conduit shall be treated as contributions from the contributor and the intermediary or conduit to the candidate for the purposes of this limitation unless the intermediary or conduit is one of the following:

(a) The candidate or representative of the candidate receiving contributions on behalf of the candidate; provided, however, that the representative shall not include the following persons:

(1) A committee other than the candidate's campaign committee;

(2) An officer, employee or agent of a committee other than the candidate's campaign committee;

(3) A person registered as a lobbyist with the governmental agency for which the candidate is running or is an officeholder;

(4) An officer, employee or agent of a labor organization, business entity, or other organization acting on behalf of the labor organization, business entity, or other organization.

(b) A volunteer, who otherwise does not fall under subsection (a) (1)-(4) of this provision, hosting a fundraising event outside and away from the volunteer's place of business.

(c) A professional fundraiser.

SEC. 25. Contributions from Governmental Appointees

85317. No person appointed to a public board or commission or as trustee of the California State University or Regent of the University of California during tenure in office shall donate to, or solicit or accept any campaign contribution for, any committee controlled by the person who made the appointment to that office or any other entity with the intent that the recipient of the donation is the committee controlled by the person who made the appointment.

EXPENDITURE LIMITATIONS

SEC. 26. Mandatory Spending Limits

85401. (a) A candidate for State Assembly shall not make expenditures for

the primary or special primary election which exceed an amount equal to \$75,000 and for the general, special, or special runoff election which exceed \$150,000.

(b) A candidate for State Senate and Board of Equalization shall not make expenditures for the primary or special primary election which exceed an amount equal to \$115,000 and for the general, special, or special runoff election which exceed \$235,000.

(c) A candidate for statewide office, other than Governor, shall not make expenditures for the primary or special primary election which exceed an amount equal to \$1,250,000 and for the general, special or special run-off election which exceed \$1,750,000.

(d) A candidate for Governor, shall not make expenditures for the primary or special primary election which exceed an amount equal to \$2,000,000 and for the general, special, or special runoff election which exceed \$5,000,000.

(e) Any local jurisdiction, municipality, or county shall establish expenditure limitations for candidates and controlled committees of such candidates for elective office not to exceed forty cents (\$.40) per election per individual of the voting age population of the local jurisdiction, municipality, or county.

(f) A candidate who exceeds the limitations in subdivision (a) through (d), above, by 10 percent or less of the expenditure limit shall be in violation of this section and required to repay the excess amount to contributors on a pro rata basis or pay the excess amount to the Anti-Corruptions Act of 1996 Enforcement Fund. In addition, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this section covered by this subdivision, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for such a violation, the amount of the monetary penalty shall be three times the amount by which the candidate exceeded the expenditure limit. The monetary penalty shall be distributed in accordance with section 91009. Notwithstanding Section 13340 of the Government Code, the moneys deposited into the Anti-Corruption Act of 1996 Enforcement Fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title.

(g) A candidate who exceeds the limitations in subdivision (a) through (d), above, by greater than 10 percent of the expenditure limit shall be in violation of this section and required to repay the excess amount to contributors on a pro rata basis or pay the excess amount to the Anti-Corruption Act of 1996 Enforcement Fund. In addition, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this section covered by this subdivision, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for such a violation, the amount of the monetary penalty shall be three times the amount by which the candidate exceeds the expenditure limit or twenty thousand dollars (\$20,000), whichever is greater. The monetary penalty shall be distributed in accordance with section 91009. Notwithstanding Section 13340 of the Government Code, the moneys deposited into the Anti-Corruption Act of 1996 Enforcement Fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title.

(h) In the event that the expenditure limitations set forth in this section are not in effect, Sections 85402 through 85404, inclusive, shall apply.

SEC. 27. Candidate Declaration to Abide by Voluntary Spending Limits

85402 (a) Each candidate for elective office shall file, with the Secretary of State and the commission or the local elections authority designated by the commission for local elections, a statement as to whether or not the candidate will abide by the voluntary expenditure limitations set forth in Section 85403 before accepting any contributions or loans for his or her campaign.

(b) The declaration of intent to abide by or reject the voluntary expenditure limitations filed pursuant to this section shall be under penalty of perjury and certify that, with respect to the election for the office sought by the candidate, the candidate will or will not incur expenditures in excess of the applicable expenditure limitation.

(c) The Secretary of State shall prescribe the form for filing the information required by this section, which shall include but not be limited to all of the following:

(1) The name of the candidate by which he or she is commonly known and by which he or she transacts private or official business.

(2) The mailing address of the residence of the candidate.

(3) A signed declaration by the candidate, under penalty of perjury, stating whether or not he or she will abide by the voluntary expenditure limitations set forth in Section 85402.

(4) The applicable voluntary expenditure limitation for that office.

(5) Other information as may be determined by the commission.

(d) A candidate for elective office who files the statement of acceptance of the voluntary expenditure limitations prescribed in Section 85403 and who, subsequent to filing the statement of acceptance, exceeds the prescribed limits shall be subject to the following:

(1) If the amount by which the candidate exceeds the prescribed limits is less than 5 percent of the expenditure limit, the candidate or his or her controlled committee shall be required to repay the excess amounts to contributors on a pro rata basis or pay the excess amount to the Anti-Corruption Act of 1996 Enforcement Fund not later than 10 days after the election. No further administrative, civil, or criminal penalty shall be imposed against a candidate who complies with this paragraph. Otherwise, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this paragraph.

(2) If the amount by which the candidate exceeds the prescribed limits is 5 percent to less than 10 percent of the expenditure limit, the candidate shall be in violation of this section and required to repay the excess amounts to contributors on a pro rata basis or deposit the amount to the Anti-Corruption Act of 1996 Enforcement Fund not later than 10 days after the election. In addition, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of

this section covered by this paragraph, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for such a violation, the amount of the monetary penalty shall be equal to two times the amount by which the candidate exceeds the expenditure limit. The monetary penalty shall be distributed in accordance with section 91009. Notwithstanding Section 13340 of the Government Code, the moneys deposited into the Anti-Corruption Act of 1996 Enforcement Fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title.

(3) If the amount by which the candidate exceeds the prescribed limits is 10 percent or more of the expenditure limit, the candidate shall be in violation of this section and required to repay the excess amount to contributors on a pro rata basis or pay the excess amount to the Anti-Corruption Act of 1996 Enforcement Fund not later than 10 days after the election. In addition, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this section covered by this paragraph, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for such a violation, the amount of the monetary penalty shall be equal to three times the amount by which the candidate exceeds the expenditure limit. The monetary penalty shall be distributed in accordance with section 91009. Notwithstanding Section 13340 of the Government Code, the moneys deposited into the Anti-Corruption Act of 1996 Enforcement Fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title. In addition, the candidate, in the manner prescribed by the commission but at no cost to the public, shall notify all eligible voters for that election that he or she exceeded the expenditure limits.

(e) The provisions of this section shall apply only in the event that Section 85401 is not in effect.

SEC. 28. Voluntary Spending Limits

85403. A candidate for elective office may file a voluntary declaration with the Secretary of State and the commission stating that he or she agrees to abide by voluntary spending limits as follows:

(a) a candidate for State Assembly agrees not to make expenditures for the primary or special primary election which exceed an amount equal to \$75,000 and for the general, special, or special runoff election which exceed \$150,000.

(b) a candidate for State Senate and Board of Equalization agrees not to make expenditures for the primary or special election which exceed an amount equal to \$115,000 and for the general, special, or special runoff election which exceed \$235,000.

(c) a candidate for statewide office, other than Governor, agrees not to make expenditures for the primary election which exceed an amount equal to \$1,250,000 and for the general election which exceed \$1,750,000.

(d) a candidate for Governor, agrees not to make expenditures for the primary election which exceed an amount equal to \$2,000,000 and for the general, special, or special runoff election which exceed \$5,000,000.

(e) any local jurisdiction, municipality, or county may establish voluntary expenditure limitations for candidates and controlled committees of such candidates for elective office not to exceed forty cents (\$.40) per election per individual of the voting age population of the local jurisdiction, municipality, or county.

(f) The provisions of this section shall apply only in the event that Section 85401 is not in effect.

SEC. 29. Ballot Pamphlet Access

85404. (a) For each candidate for statewide elective office who, pursuant to section 85402, has agreed to abide by the voluntary expenditure limitations in section 85403, the Secretary of State shall publish, at no charge to the candidate, the information set forth in subdivision (e). Publication shall be made in the state ballot pamphlet.

(b) For each candidate for state legislative office or Board of Equalization who, pursuant to section 85402, has agreed to abide by the voluntary expenditure limitations in section 85403, the Secretary of State shall publish, at no charge to the candidate, the information set forth in subdivision (e). In conjunction with the applicable local elections official, publication shall be made in the local ballot pamphlet, unless, but for this subdivision, no local ballot pamphlet will be issued in conjunction with that election, in which case this subdivision shall not apply. The Secretary of State shall bear the pro rata cost of printing, handling, translating, and mailing the local ballot pamphlet for state legislative office or Board of Equalization.

(c) For each candidate for local office who, pursuant to section 85402, has agreed to abide by the voluntary expenditure limitations in section 85403, the local elections official shall publish, at no charge to the candidate, the information set forth in subdivision (e). Publication shall be made in the local ballot pamphlet, unless, but for this subdivision, no local ballot pamphlet will be issued in conjunction with that election, in which case this subdivision shall not apply.

(d) For each candidate who does not agree to comply with the voluntary expenditure limitations in Section 85403, the Secretary of State or local elections official, as applicable, shall only publish the information set forth in subdivision (e) on behalf of that candidate if the candidate pays, in a timely manner prescribed by the Secretary of State or local elections official, an amount equal to the pro rata or incremental costs of printing, handling, translating, mailing, and related costs in providing the information in the applicable ballot pamphlet. However, if pursuant to subdivision (b) or (c) no ballot pamphlet otherwise will be mailed in conjunction with that election, this subdivision shall not apply.

(e) The information to be published pursuant to subdivisions (a), (b), (c) , and (d) shall be as follows:

(1) The candidate's name, address, and the elective office sought by the candidate.

(2) A statement of not more than 200 words submitted by the candidate, setting forth the candidate's background, qualifications, and priorities. The statement may also

include a photograph of the candidate.

(3) A list submitted by the candidate of not more than a total of five individuals, candidates, or organizations who have endorsed the candidate. The candidate shall provide to the Secretary of State or local elections official, as applicable, a statement of endorsement on the letterhead or with the authorized signature of each endorser to be listed.

(4) A statement, in boldfaced type equal in size to that used for the candidate's name, as follows: "**Candidate accepted voluntary spending limits approved by the voters in 1996;**" or in the case of a candidate who does not accept the voluntary spending limits as follows: "**Candidate did not accept voluntary spending limits approved by the voters in 1996.**"

(f) The local elections official shall, in consultation with and in a manner prescribed by the Secretary of State, designate on the ballot those candidates who, pursuant to section 85402, have agreed to comply with the voluntary expenditure limitations in section 85403. These candidates shall be identified by placing an asterisk (*) next to their names on the ballot, and each page of the ballot shall contain the following statement: "***Candidate accepted voluntary spending limits approved by the voters in 1996.**" Alternatively, candidates who do not accept the voluntary spending limits shall be identified by placing a double asterisk (**) next to their names on the ballot and each page of the ballot shall contain the following statement: "****Candidate did not accept voluntary spending limits approved by the voters in 1996.**"

(g) The provisions of this section shall apply only in the event that section 85401 is not in effect.

SEC. 30. Adjustments for Inflation

85405. The commission shall adjust the expenditure limitations set forth in section 85401, or section 85403 if section 85401 is not in effect, to reflect changes in the Consumer Price Index for California rounded to the nearest one dollar (\$1.00) in January of every odd-numbered year after this chapter becomes operative.

SEC. 31. Candidate Use of Personal Funds

85406. A candidate who uses his or her personal funds to seek election shall report expenditures of personal funds to the commission at the first instance that the aggregate expenditure or obligation for expenditures of personal funds is 10 percent or more of the expenditure limitations set forth in section 85401 or 85403, whichever is in effect. Thereafter, the aggregate expenditures or obligations for expenditures of personal funds of a candidate shall be reported to the commission on the candidate's campaign statement at each subsequent reporting period. A candidate who makes expenditures of personal funds of 10 percent or more of the expenditure limitations set forth in sections 85401 or 85403, whichever is in effect, during the 10-day period before the day of the election shall notify, by personal delivery, facsimile or other electronic means, to the commission and all candidates for election to the office sought by the candidate making expenditures or obligations for expenditures of personal funds. Such notification shall be made at each expenditure of 10 percent of the

expenditure limitation set forth in section 85401 or 85403, whichever is in effect. The notification shall occur within 12 hours of expenditures or obligations for expenditures under this subdivision.

SEC. 32. Independent Expenditures

85407. (a) For purposes of this chapter, the term “independent expenditure” means an expenditure for an advertisement or other communication that: (1) contains express advocacy; and (2) is not made at the behest of a candidate or a candidate’s agent or arranged, coordinated or directed by the candidate or the candidate’s agent.

(b) For purposes of this chapter, the following expenditures are not independent expenditures and unless an exception is otherwise set forth in this title, shall be considered contributions to a candidate if they result in communications that expressly advocate that candidate’s election or the defeat of that candidate’s opponent:

(1) An expenditure made by a political party.

(2) An expenditure in which 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.

(3) An expenditure in which, in the calendar year in which the election is to be held, the person making the expenditure is or has been: (A) authorized to raise or expend funds on behalf of the candidate or the candidate’s controlled committee; or (B) serving as a member, employee, or agent of the candidate’s controlled committee in an executive or policy making position.

(4) An expenditure in which the person making the expenditure retains the professional services of any individual or other person who is also providing professional services in the same election to the candidate in connection with the candidate’s pursuit of nomination for election, or election, to office, including any services relating to the candidate’s decision to seek office. The term “professional services” shall include any services in support of any candidate’s pursuit of nomination for election, or election, to office.

(c) For purposes of this section, the person making the expenditure shall include any officer, director, employee, or individual involved in making the expenditure for purposes of this subdivision.

(d) For purposes of this chapter, the term “express advocacy” means, a communication, which when taken as a whole and with limited reference to external events is an expression of support for, or opposition to, the election of a clearly identified candidate, a specific group of candidates, or candidates of a particular political party.

(e) Any independent expenditure is not considered a contribution to or an expenditure by or on behalf of the candidate with whom it is identified for the purposes of the limitations specified in this chapter.

(f) Any person who violates this section shall be strictly liable under Chapter 11, beginning with 91000.

SEC. 33. Disclosure of Independent Expenditures

85408. (a) Any person who makes independent expenditures in support of or in opposition to a clearly identified candidate in the aggregate amount of one thousand dollars (\$1,000) or more per election shall notify the filing officer and all candidates running for the same office within 24 hours by facsimile transmission or other electronic medium prescribed by the commission or local elections authority designated by the commission, and by overnight delivery for each subsequent independent expenditure that is five thousand dollars (\$5,000) or more.

(b) No person, except a Citizen Contribution Committee, shall contribute more than \$200 to any committee which makes independent expenditures greater than \$1,000 per election in support of or in opposition to a clearly identified candidate. A Citizen Contribution Committee shall be limited to contributing to any committee which makes independent expenditures greater than \$1,000 per election in support of or in opposition to a clearly identified candidate no more than the maximum amount that can be contributed by 100 individuals to such committee.

SEC. 34. Registration Fee for Committees

85409. Upon filing a statement of organization under section 84101 of the Government Code, a committee shall be charged a registration fee of \$100 per calendar year. This registration fee shall be paid to the Secretary of State for the purpose of administering this chapter.

LOBBYIST PROVISIONS

SEC. 35. Lobbyist Definition

Section 82039 of the Government Code is repealed.

~~82039. "Lobbyist" means any individual who is employed or contracts for economic consideration, other than reimbursement for reasonable travel expenses, to communicate directly or through his or her agents with any elective state official, agency official or legislative official for the purpose of influencing legislative or administrative action, if a substantial or regular portion of the activities for which he or she receives consideration is for the purpose of influencing legislative or administrative action. No individual is a lobbyist by reason of activities described in Section 86300.~~

(Amended by Stats. 1984, Ch. 161, Sec. 1.)

82039. Section 82039 is added to the Government Code, to read:
"Lobbyist" means any individual who either receives five hundred dollars (\$500) or more in any calendar month per calendar year in economic consideration from another person, or who, regardless of any economic consideration, is an employee, professional, or agent, and whose principal and substantial duties in that capacity are, to communicate directly with any elective state official, agency official, or designated employee as defined in Section 82019 for the purpose of influencing legislative or administrative action. No individual is a lobbyist by

reason of activities described in Section 86300. For purposes of this section, reimbursement solely for reasonable travel expenses is not economic consideration. For purposes of this section, neither the rule preventing disclosure of an attorney's work product nor any privilege against disclosure based on the attorney-client relationship shall apply to any required report or disclosure under this title, unless expressly required by the United States Constitution or the California Constitution.

SEC. 36. Lobbyist Registration Fee

Section 86102 of the Government Code is amended to read:

86102. Each lobbying firm and lobbyist employer required to file a registration statement under this chapter ~~may~~ shall be charged ~~not more than twenty-five dollars (\$25)~~ one hundred dollars (\$100) per year for each lobbyist required to be listed on its registration statement.

(Repealed and added by Stats. 1985, Ch. 1183, Sec. 7. Effective September 29, 1985.)

SEC. 37. Repeal of Tax Deduction for Lobbying

Section 17221 is added to the Revenue and Taxation Code, to read:

17221. (a) Notwithstanding Section 17201, no deduction shall be allowed for any expenses paid or incurred during the taxable year as described in paragraph (1) of subdivision (e) of Section 162 of the Internal Revenue Code, relating to appearances before, submission of statements to, or sending communications to, any employee or officer of the legislative branch or the executive branch of the state, or any political subdivision thereof, with respect to any rule making or any quasi-legislative function of the executive branch of the state or any political subdivision thereof.

(b) For purposes of this section, the expenses described by paragraph (1) of subdivision (e) of Section 162 of the Internal Revenue Code shall include "lobbying expenditures" as defined in paragraph (1) of subdivision (c) of Section 4911 of the Internal Revenue Code, and shall also include as a "lobbying expenditure" any expenditure incurred in attempting to influence any action of the legislative branch or executive branch of any government by communication with any employee, officer, member, or agency of the executive branch of federal, state, or local government, or any other similar governing body.

Section 24335 is added to the Revenue and Taxation Code, to read:

24335. (a) No deduction shall be allowed for any expenses paid or incurred in the taxable year as described in paragraph (1) of subdivision (e) of Section 162 of the Internal Revenue Code, relating to appearances before, submission of statements to, or sending communications to, any employee or officer of the legislative branch or the executive branch of the state, or any political subdivision thereof, with respect to any rulemaking or any quasi-legislative function of the executive branch of the state or any political subdivision thereof.

(b) For purposes of this section, the expenses described by paragraph (1) of

subdivision (e) of Section 162 of the Internal Revenue Code shall include “lobbying expenditures” as defined in paragraph (1) of subdivision (c) of Section 4911 of the Internal Revenue Code, and shall also include as a “lobbying expenditure” any expenditure incurred in attempting to influence any action of the legislative branch or executive branch of any government by communication with any employee, officer, member, or agency of the executive branch of the federal, state, or local government, or any other similar governing body.

SEC. 38. Lobbyist Gift Ban

Section 86203 of the Government Code is amended to read:

86203. It shall be unlawful for a lobbyist, or lobbying firm, to make ~~gifts to one person aggregating more than ten dollars (\$10) in a calendar month, or to act as an agent or intermediary in the making of any gift, or to arrange for the making of any gift by any other person a gift, to act as an agent or intermediary in the making of a gift, or to arrange for the making of a gift by any other person.~~

(Amended by Stats. 1985, Ch. 1183, Sec. 9. Effective September 29, 1985.)

DISCLOSURE IN CAMPAIGN ADVERTISEMENTS

Article 5 (commencing with Section 84501) of Chapter 4 of Title 9 is added to the Government Code to read:

SEC. 39. Definitions

84501. (a) “Advertisement” means any general or public advertisement which is authorized and paid for by a person or committee for the purpose of supporting or opposing one or more ballot measures or an independent expenditure supporting or opposing one or more candidates for office.

(b) “Advertisement” does not include a communication from an organization to its members, electronic broadcasts of less than 15 seconds, or other small advertisements as determined by regulations of the commission.

(c) “Advertisement” includes phone banks where the caller is paid; but not where the caller is a volunteer, even if the phone charges are paid by the committee.

(d) “Cumulative contributions” means the cumulative contributions to a committee beginning the first day the statement of organization is filed under Section 84101 and ending within seven days of the time the advertisement is sent to the printer, broadcast station, or other person doing the advertising.

SEC. 40. Disclosure Statement

84502. (a) Any advertisement as defined in Section 84501 shall include a disclosure statement identifying any person whose cumulative contributions are \$50,000 or more in a statewide campaign, or \$25,000 or more in non-statewide campaigns to the

committee placing the advertisement.

(b) The disclosure for individuals shall read "major funding by: (name and occupation)." The disclosure for non-individuals shall read "major funding by: (name and business interest)." The commission shall issue regulations defining "occupation" and "business interest," including regulations regarding the omission of the business interest disclosure when the name of a non-individual fully describes the business interest.

(c) If there are more than three donors of \$25,000 or more, the committee is only required to disclose the highest, second highest and third highest in that order. If more than three donors contribute \$25,000 or more in equal amounts, the committee is required to disclose those contributors in chronological order.

(d) If the committee has received at least one quarter of its cumulative contributions from outside the jurisdiction where the election is being held, the disclosure shall state "major funding from out-of-state (city, county, or district, etc.) contributors."

SEC. 41. Ballot Measure Disclosure

84503. (a) Any committee which supports or opposes one or more ballot measures shall name and identify itself using a name or phrase that clearly identifies the economic or other special interest of its major donors of \$25,000 or more in any reference to the committee required by law, including but not limited to its statement of organization pursuant to Section 84101.

(b) If the major donors of \$25,000 or more share a common employer, the identity of the employer shall also be disclosed.

(c) Any committee which supports or opposes a ballot measure, shall print or broadcast its name as provided in this section as part of any advertisement.

(d) If candidates or their controlled committees, as a group or individually, meet the contribution thresholds for a person, they shall be identified by the candidate's name.

SEC. 42. Manner of Disclosure

84504. Any disclosure statement required by this article shall be printed clearly and legibly and in a conspicuous manner as defined by the commission, prominently on the front page of any written advertisement (including outdoor advertisements) or, if the communication is broadcast or spoken, the information shall be spoken so as to be clearly audible and understood by the intended public. The commission shall issue regulations to ensure that all disclosures required by this article shall stand alone, that is, they shall not have any other words or materials mixed in with them.

CONFLICT OF INTEREST

SEC. 43. Applicability to Elected State Officers

Section 87102 of the Government Code is amended to read:

87102. The requirements of Section 87100 are in addition to the requirements

of Articles 2 (commencing with Section 87200) and 3 (commencing with Section 87300) and any Conflict of Interest Code adopted thereunder. ~~Except as provided in Section 87102.5, the~~ The remedies provided in Chapters 3 (commencing with Section 83100) and 11 (commencing with Section 91000) shall ~~not~~ be applicable to elected state officers for violations or threatened violations of ~~this article. Section 87100 only under the conditions set forth in Sections 87102.5, 87102.6, and 87102.8, as applicable.~~

(Amended by Stats. 1990, Ch. 84, Sec. 6.)

SEC. 44. Applicability to Persons

Section 83116.5 of the Government Code is amended to read:

83116.5. Any person ~~who violates any provision of this title,~~ who purposely or negligently causes any other person to violate any provision of this title, or who aids and abets any other person in the violation of any provision of this title, shall be liable under the provisions of this ~~chapter title. Provided, however, that~~ However, unless specified otherwise in this title, this section shall apply only to persons who have filing or reporting obligations under this title, or who are compensated for services involving the planning, organizing, or directing of any activity regulated or required by this title, ~~and that a violation of this section shall not constitute an additional violation under Chapter 11.~~

(Added by Stats. 1984, Ch. 670, Sec. 2.)

SEC. 45. Definitions

Section 84308 of the Government Code is amended to read:

84308. (a) The definitions set forth in this subdivision shall govern the interpretation of this section.

(1) "Party" means any person who files an application for, or is the subject of, a proceeding involving a license, permit, or other entitlement for use.

(2) "Participant" means any person who is not a party but who actively supports or opposes a particular decision in a proceeding involving a license, permit, or other entitlement for use and who has a financial interest in the decision, as described in Article 1 (commencing with Section 87100) of Chapter 7. A person actively supports or opposes a particular decision in a proceeding if he or she lobbies in person the officers or employees of the agency, testifies in person before the agency, or otherwise acts to influence officers of the agency.

(3) "Agency" means an agency as defined in Section 82003 except that it does not include the courts or any agency in the judicial branch of government, local governmental agencies whose members are directly elected by the voters, the Legislature, the Board of Equalization, or elected constitutional officers. However, this section applies to any person who is a member of an exempted agency but is acting as a voting member of another agency.

(4) "Officer" means any elected or appointed officer of an agency, any alternate to an elected or appointed officer of an agency, and any candidate for elective office in an agency.

(5) "License, permit, or other entitlement for use" means all business, professional, trade and land use licenses and permits and all other entitlements for use, including all entitlements for land use, all contracts (other than competitively bid, labor, or personal employment contracts), and all franchises and includes any proceedings affecting a rate, price or premium that a licensee, permittee, or person may charge.

(6) "Contribution" includes contributions to candidates and committees in federal, state, or local elections.

(b) No officer of an agency shall accept, solicit, or direct a contribution of ~~more than two hundred fifty dollars (\$250)~~ from any party, or his or her agent, or from any participant, or his or her agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for three months following the date a final decision is rendered in the proceeding if the officer knows or has reason to know that the participant has a financial interest, as that term is used in Article 1 (commencing with Section 87100) of Chapter 7. This prohibition shall apply regardless of whether the officer accepts, solicits, or directs the contribution for himself or herself, or on behalf of any other officer, or on behalf of any candidate for office or on behalf of any committee.

(c) Prior to rendering any decision in a proceeding involving a license, permit or other entitlement for use pending before an agency, each officer of the agency who received a contribution within the preceding 12 months in an amount of more than ~~two hundred fifty dollars (\$250)~~ one hundred dollars (\$100) from a party or from any participant shall disclose that fact on the record of the proceeding. No officer of an agency shall make, participate in making, or in any way attempt to use his or her official position to influence the decision in a proceeding involving a license, permit, or other entitlement for use pending before the agency if the officer has willfully or knowingly received a contribution in an amount of more than ~~two hundred fifty dollars (\$250)~~ two hundred dollars (\$200) within the preceding 12 months from a party or his or her agent, or from any participant, or his or her agent if the officer knows or has reason to know that the participant has a financial interest in the decision, as that term is described with respect to public officials in Article 1 (commencing with Section 87100) of Chapter 7.

If an officer receives a contribution which would otherwise require disqualification under this section, returns the contribution within 30 days from the time he or she knows, or should have known, about the contribution and the proceeding involving a license, permit, or other entitlement for use, he or she shall be permitted to participate in the proceeding.

(d) A party to a proceeding before an agency involving a license, permit, or other entitlement for use shall disclose on the record of the proceeding any contribution in an amount of more than ~~two hundred fifty dollars (\$250)~~ one hundred dollars (\$100) made within the preceding 12 months by the party, or his or her agent, to any officer of the agency. No party, or his or her agent, to a proceeding involving a license, permit, or other entitlement for use pending before any agency and no participant, or his or her agent, in the proceeding shall make a contribution of ~~more than two hundred fifty dollars (\$250)~~ to any officer of that agency

during the proceeding and for three months following the date a final decision is rendered by the agency in the proceeding. When a closed corporation is a party to, or a participant in, a proceeding involving a license, permit, or other entitlement for use pending before an agency, the majority shareholder is subject to the disclosure and prohibition requirements specified in subdivisions (b), (c) , and this subdivision.

(e) Nothing in this section shall be construed to imply that any contribution subject to being reported under this title shall not be so reported. In addition, nothing in this section shall be construed to authorize the making or acceptance of any contribution in excess of any contribution limitation set forth in this title. Any violation of the disclosure provisions of either subdivision (c) or (d) of this section creates a rebuttable presumption that the action shall be void in an action brought pursuant to Chapter 11 commencing with Section 91000 of the title.

(Amended by Stats. 1989, Ch. 764, Sec. 2.)

SEC. 46. Article 1 (commencing with Section 89500) of Chapter 9.5 of Title 9 of the Government Code is repealed.

SEC. 47. Article 2 (commencing with Section 89504) of Chapter 9.5 of Title 9 of the Government Code is repealed.

SEC. 48. Article 3 (commencing with Section 89506) of Chapter 9.5 of Title 9 of the Government Code is repealed.

DISPOSITION OF CAMPAIGN FUNDS

SEC. 49. The heading of Article 4 (commencing with Section 89510) of Chapter 9.5 of Title 9 of the Government Code is amended to read:

Article 4 2. Campaign Funds
(Article 4 added by Stats. 1990, Ch. 84, Sec. 13.)

SEC. 50. Section 89519 of the Government Code is repealed.

~~89519. Upon leaving any elected office, or at the end of the postelection reporting period following the defeat of a candidate for elective office, whichever occurs last, campaign funds raised after January 1, 1989, under the control of the former candidate or elected officer shall be considered surplus campaign funds and shall be disclosed pursuant to Chapter 4 (commencing with Section 84100) and shall be used only for the following purposes:~~

~~(a) (1) The payment of outstanding campaign debts or elected officer's expenses:~~

~~(2) For purposes of this subdivision, the payment for, or the reimbursement to~~

~~the state of, the costs of installing and monitoring an electronic security system in the home or office, or both, of a candidate or elected officer who has received threats to his or her physical safety shall be deemed an outstanding campaign debt or elected officer's expense, provided that the threats arise from his or her activities, duties, or status as a candidate or elected officer and that the threats have been reported to and verified by an appropriate law enforcement agency. Verification shall be determined solely by the law enforcement agency to which the threat was reported. The candidate or elected officer shall report any expenditure of campaign funds made pursuant to this section to the commission. The report to the commission shall include the date that the candidate or elected officer informed the law enforcement agency of the threat, the name and phone number of the law enforcement agency, and a brief description of the threat. No more than five thousand dollars (\$5,000) in surplus campaign funds may be used, cumulatively, by a candidate or elected officer pursuant to this subdivision. Payments made pursuant to this subdivision shall be made during the two years immediately following the date upon which the campaign funds became surplus campaign funds. The candidate or elected officer shall reimburse the surplus campaign fund account for the fair market value of the security system no later than two years immediately following the date upon which the campaign funds become surplus campaign funds, upon sale of the property on which the system is installed, or prior to the closing of the surplus campaign fund account, whichever comes first. The electronic security system shall be the property of the campaign committee of the candidate or elected officer.~~

~~_____ (b) The pro rata repayment of contributions.~~

~~_____ (c) Donations to any bona fide charitable, educational, civic, religious, or similar tax-exempt, nonprofit organization, where no substantial part of the proceeds will have a material financial effect on the former candidate or elected officer, any member of his or her immediate family, or his or her campaign treasurer.~~

~~_____ (d) Contributions to a political party or committee so long as the funds are not used to make contributions in support of or opposition to a candidate for elective office.~~

~~_____ (e) Contributions to support or oppose any candidate for federal office, any candidate for elective office in a state other than California, or any ballot measure.~~

~~_____ (f) The payment for professional services reasonably required by the committee to assist in the performance of its administrative functions, including payment for attorney's fees for litigation which arises directly out of a candidate's or elected officer's activities, duties, or status as a candidate or elected officer, including, but not limited to, an action to enjoin defamation, defense of an action brought of a violation of state or local campaign, disclosure, or election laws, and an action arising from an election contest or recount.~~

(Amended by Stats. 1993, Ch. 1143, Sec. 3. Effective January 1, 1994.)

SEC. 51. Disposition of Campaign Funds

Section 89519 is added to the Government Code, to read:

89519. After a candidate withdraws from or is defeated in an election for, or

is elected to, an office for which he or she has filed a statement of intention to be a candidate for elective office pursuant to Section 85200, Section 85313 shall govern the disposition of his or her campaign funds raised for that election.

ENFORCEMENT

SEC. 52. Removal from Office

Section 91002 of the Government Code is amended to read:

91002. (a) No person convicted of a misdemeanor under this title shall be a candidate for any elective office or act as a lobbyist for a period of four years following the date of the conviction unless the court at the time of sentencing specifically determines that this provision shall not be applicable. A plea of nolo contendere shall be deemed a conviction for purposes of this section. Any person violating this section is guilty of a felony.

(b) Any person, having previously been convicted of a misdemeanor under this title and subject to Section 91002 may, in the discretion of the criminal prosecutor, be charged for any subsequent violation with a misdemeanor or a felony.

(c) Any person who has previously been fined twice under any provision or provisions of this title shall immediately upon entry of a final judgment or issuance of an order imposing a fine in the third such action, be removed from any public office held in the state pursuant to section 1770, have their name stricken from the registration list maintained under Article 1 of Chapter 6, and thereafter may not be a candidate for any elective office or act as a lobbyist, lobbying firm or lobbyist employer.

(Added June 4, 1974, by initiative Proposition 9.)

SEC. 53. Citizen Enforcement

Section 91003 of the Government Code is amended to read:

91003. ~~(a) Any person residing in the jurisdiction may sue for injunctive relief to enjoin violations or to compel compliance with the provisions of this title. The court may in its discretion require any plaintiff other than the commission to file a complaint with the commission prior to seeking injunctive relief. The court may award to a plaintiff or defendant who prevails his costs of litigation, including reasonable attorney's fees.~~ (a) Any resident registered to vote in the jurisdiction may sue for injunctive relief or a temporary restraining order to enjoin violations or to compel compliance with the provisions of this title. The matter shall be given priority on the court's calendar and shall be heard at the earliest possible time with the purpose that any action, conduct, misconduct, or failure to act, report, disclose, or take any other action required by this title be remedied so as not to in any way prejudice the voters or the election. The court may in its discretion require any plaintiff other than the commission to file a complaint with the commission but that decision shall in no way divest the court of jurisdiction to hear the matter or delay the issuance of any appropriate relief. In any action to enforce this title, the court shall award to a plaintiff who prevails his or her costs of litigation, including reasonable attorney's fees. The court may award to a

defendant who prevails his or her costs of litigation, including reasonable attorney's fees, only if the court finds, on the record, that the matter was frivolous, or brought in bad faith or for some other improper purpose. The provisions of Section 425.16 of the Code of Civil Procedure shall not apply to any action filed pursuant to this section.

(b) Upon a preliminary showing in an action brought ~~by a person residing in the jurisdiction pursuant to this section~~ that a violation of Article 1 (commencing with Section 87100), Article 4 (commencing with Section 87400), or Article 4.5 (commencing with Section 87450) of Chapter 7 of this title or of a disqualification provision of a Conflict of Interest Code has occurred, the court may restrain the execution of any official action in relation to which such a violation occurred, pending final adjudication. If it is ultimately determined that a violation has occurred and that the official action might not otherwise have been taken or approved, the court may set the official action aside as void. The official actions covered by this subsection include, but are not limited to orders, permits, resolutions and contracts, but do not include the enactment of any state legislation. In considering the granting of preliminary or permanent relief under this subsection, the court shall accord due weight to any injury that may be suffered by innocent persons relying on the official action.

(Amended by Stats. 1987, Ch. 628, Sec. 1.)

SEC. 54. Civil Enforcement by Registered Voters

Section 91004 of the Government Code is amended to read:

91004. Any Unless specifically provided otherwise in this title, any person who intentionally or negligently violates any of the reporting requirements of this act title shall be liable in a civil action brought by the civil prosecutor or by a ~~person residing~~ registered voter within the jurisdiction for an amount not more than three times the amount or value not properly reported.

(Added June 4, 1974, by initiative Proposition 9.)

SEC. 55. Disclosure Enforcement

Section 91005 of the Government Code is amended to read:

91005. (a) Any Unless specifically provided otherwise in this title, any person who makes, or receives, or fails to properly disclose or report a contribution, gift or expenditure in violation of ~~Section 84300, 84304, 86202, 86203, or 86204~~ this title is liable in a civil action brought by the civil prosecutor or by a ~~person residing~~ registered voter within the jurisdiction for an amount up to five hundred dollars (\$500) or three times the amount of the unlawful contribution, gift ~~or~~ expenditure, or failure to disclose or report, whichever is greater.

(b) Any designated employee or public official specified in Section 87200; ~~other than an elected state officer;~~ who realizes an economic benefit as a result of a violation of Section 87100 or of a disqualification provision of a Conflict of Interest Code is liable in a civil action brought by the civil prosecutor or by a ~~person residing~~ registered voter within the jurisdiction for an amount up to three times the value of the benefit.

(Amended [as amended by Stats. 1989, Ch. 1452] by Stats. 1990, Ch. 84, Sec. 14. Note: Prior amendment by Stats. 1989, Ch. 1452, affected the version from Stats. 1982, Ch. 727, and did not incorporate the nonoperative amendment by Prop. 68.)

SEC. 56. General Enforcement

Section 91005.5 of the Government Code is amended to read:

91005.5. Any person who violates any provision of this title, ~~except Sections 84305, 84307, and 89001,~~ for which no specific civil penalty is provided, shall be liable in a civil action brought by the commission ~~or the district attorney,~~ or a registered voter pursuant to subdivision (b) of Section 91001, or the elected city attorney pursuant to Section 91001.5, for an amount up to two thousand dollars (\$2,000), to be distributed pursuant to section 91009.

No civil action alleging a violation of this title may be filed against a person pursuant to this section if the criminal prosecutor is maintaining a criminal action against that person pursuant to Section 91000.

The provisions of this section shall be applicable only as to violations occurring after the effective date of this section.

(Added by Stats. 1982, Ch. 727, Sec. 2.)

SEC. 57. Joint and Several Liability

Section 91006 of the Government Code is amended to read:

91006. Any person who aids and abets any person who violates any of the requirements of this title shall also be liable under sections 91004, 91005, and 91005.5. If two or more persons are responsible for any violation, they shall be jointly and severally liable. In addition, for any violation of any campaign reporting, contribution, or expenditure requirement, the candidate shall also be liable for the violation unless someone other than the candidate was responsible for the violation and acted without the candidate's, treasurer's and campaign manager's knowledge or consent, and acted wholly outside the scope of the person's duties and authorization.

(Added June 4, 1974, by initiative Proposition 9.)

SEC. 58. Civil Prosecutor Request for Enforcement

Section 91007 of the Government Code is amended to read:

91007. (a) Any person, before filing a civil action pursuant to ~~Sections Section 91004 and, 91005, must first or 91005.5,~~ may also file with the civil prosecutor a written request for the civil prosecutor to commence the action. The request shall include a statement of the grounds for believing a cause of action exists. The civil prosecutor shall respond within ~~forty~~ 40 days after receipt of the request, indicating whether he intends to file a civil action. If the civil prosecutor indicates in the affirmative, and files suit ~~within forty~~ 40 days thereafter, the action shall be consolidated with an action brought by the registered voter and no other action may be brought unless the ~~action brought by the civil prosecutor is actions~~

are dismissed without prejudice as provided for in Section 91008.

(b) Any person filing a complaint, cross-complaint or other initial pleading in a civil action pursuant to Sections 91003, 91004, 91005, or 91005.5 shall, within 10 days of filing the complaint, cross-complaint, or initial pleading, serve on the Fair Political Practices Commission a copy of the complaint, cross-complaint, or initial pleading or a notice containing all of the following:

- (1) The full title and number of the case.
 - (2) The court in which the case is pending.
 - (3) The name and address of the attorney for the person filing the complaint, cross-complaint, or other initial pleading.
 - (4) A statement that the case raises issues under the Political Reform Act.
- (c) No complaint, cross-complaint, or other initial pleading shall be dismissed for failure to comply with subdivision (b).

(d) ~~No civil action, once filed under Section 91004, 91005, or 91005.5 may be dismissed without leave of court upon a showing of either of the following:~~

~~(1) The plaintiff has determined, in good faith, that the matter is without substantial merit or it is otherwise not in the public interest to continue the action, and that the plaintiff has neither received nor agreed to any payment, inducement, consideration, or any act or forbearance by any defendant or his or her agent, other than payment of costs of litigation and reasonable attorney's fees.~~

~~(2) The parties have determined to compromise and enter into a settlement of some or all of the disputed claims and the court, after hearing, determines that the settlement is in the public interest. Any settlement or compromise approved by the court shall be deemed to be a finding of violation for purposes of subdivision (c) of Section 91002 and Section 91009.~~

(Amended by Stats. 1985, Ch. 1200, Sec. 2.)

SEC. 59. Attorney's Fees

Section 91012 of the Government Code is amended to read:

~~91012. The court may shall award to a plaintiff or defendant other than an agency, who prevails in any action authorized by this title his costs of litigation, including reasonable attorney's fees. On motion of any party, a court shall require a private plaintiff to post a bond in a reasonable amount at any stage of the litigation to guarantee payment of costs. The court may award to a defendant other than an agency who prevails in any action authorized by this title his or her costs of litigation, including reasonable attorney's fees, only if the court finds, on the record, that the matter was frivolous, or brought in bad faith or for some other improper purpose. The provisions of Section 425.16 of the Code of Civil Procedure shall not apply to any action filed pursuant to Section 91004, 91005, or 91005.5.~~

(Added June 4, 1974, by initiative Proposition 9.)

SEC. 60. Section 91015 of the Government Code is repealed.

~~91015. The provisions of this chapter shall not apply to violations of Section~~

~~83116.5-~~

(Added by Stats. 1984, Ch. 670, Sec. 6.)

MISCELLANEOUS PROVISIONS

SEC. 61. Appropriation From the General Fund

There is hereby appropriated annually from the General Fund the sum of three cents (\$0.03) per individual of the voting age population in the state, to be adjusted to reflect changes in the Cost of Living Index in January of each even-numbered year after the operative date of this act, for expenditures to support the operations of the Fair Political Practices Commission in administering and enforcing this title. The Franchise Tax Board shall, as soon as possible after the end of the first calendar year in which sections 17221 and 24335 of the Revenue and Tax Code have been in effect, calculate the amount of the increased tax revenues to the state as a result of these sections. From the amount so calculated, the Controller shall, for each fiscal year, transfer to the commission, from the general fund, the amount necessary to meet the appropriation to the commission set forth above. In any event, regardless of whether the increased revenue from sections 17221 and 24335 of the Revenue and Tax Code is sufficient, the legislature shall provide the appropriation to the commission set forth above. To the extent the legislature provides budgetary support for local agencies for administration and enforcement of this title, the amount of increased tax revenues to the state as a result of section 86102 shall also be provided for this purpose. If any provision of this title is challenged successfully in court, any attorney's fees and costs awarded shall be paid from the General Fund and shall not be assessed or otherwise offset against the Fair Political Practices Commission budget. Any savings or revenues derived from this title shall be applied to the Anti-Corruption Act of 1996 Enforcement Fund to pay costs related to the administration and enforcement of the title, with the remainder to be placed in the General Fund for general purposes.

SEC. 62. Severability

If any provision of this law, or the application of that provision to any person or circumstances, shall be held invalid, the remainder of this law to the extent that it can be given effect, or the application of that provision to persons or circumstances other than those as to which it was held invalid, shall not be affected thereby, and to this extent the provisions of this law are severable. In addition, if the expenditure limitations of Section 85401 of this act shall not be in effect, the contribution limits of Sections 85301, 85302, 85303, and 85304 shall remain in effect.

SEC. 63. Effective Date

This law shall become effective November 6, 1996. In the event that this measure and another measure or measures relating to campaign finance reform in this state shall appear on the state wide general election ballot on November 5, 1996, the provisions of these other measures shall

be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void in their entirety. In the event that the other measure or measures shall receive a greater number of affirmative votes, the provisions of this measure shall take effect to the extent permitted by law.

SEC. 64. Sense of the People

It is the sense of the people of California that candidates for the United States House of Representatives and the United States Senate seeking to represent the people in the Congress of the United States should comply with the contribution limits and expenditure limits, prescribed herein for candidates for the state Senate and Governor, respectively. The people recognize that the limitations prescribed in this law may not be mandated by the people for candidates for federal office. However, it is the sense of the people that these limitations are necessary to prevent corruption and the appearance thereof and to preserve the fairness and integrity of the electoral process in California. The people, therefore, suggest that candidates for federal office seeking to represent the people in the Congress of the United States comply voluntarily with the limitations prescribed herein until such time as comparable limitations are adopted by the Congress of the United States or through a constitutional amendment.

It is also the sense of the people of California that the broadcast licensees, as public trustees, have a special obligation to present voter information broadcasts. For the privilege of using scarce radio and television frequencies, the broadcasters are public trustees with an obligation to provide at no cost and no profit time for candidates to appear and use the station, whether radio or television, for the presentation of candidates' views for some brief period during prime viewing or listening time in the 30-day period prior to an election. The people of California recognize that the federal government has jurisdiction for such a mandate, and strongly urge the Congress of the United States to require the Federal Communications Commission to enforce these requirements upon broadcasters as a condition of holding a public broadcast license and fulfilling the broadcaster's public service obligation.

##

INITIATIVE CAMPAIGNS UNDERWAY OR PLANNED FOR 1996:

STATE	PROPOSERS/ POSSIBLE ALLIES	LIKELY ELEMENTS	SIGNATURES REQUIRED
Alaska	AKPIRG	<ul style="list-style-type: none"> * \$500 Limit to all candidates. * Bans out-of-state contributions. * \$250 Limit to political committee. * \$5,000 Limit to political parties. 	25,000
Arkansas	ACORN AFL-CIO	<ul style="list-style-type: none"> * \$100 Limit to all campaigns. * Tax credits for small contributions. * Voluntary spending limits. 	75,000
California	1) Cal PIRG	<ul style="list-style-type: none"> * \$100 Limit to all local races. * \$200 Limit to legislature. * \$300 Limit to Governor. * Mandatory Spending Limits. * 75% of funds must come in-district. 	500,000
	2) Common Cause League of Women Voters AARP United We Stand	<ul style="list-style-type: none"> * Contribution Limits -tiered by constituency size (\$100-\$500). * Voluntary Spending Limits -compliance doubles contribution limits. 	500,000
Colorado	CoPIRG League of Women Voters Common Cause United We Stand	(Similar to 1994 Amendment 15)	120,000
Maine	League of Women Voters AARP Common Cause Dirigo Alliance	<ul style="list-style-type: none"> * \$250 Limit to Legislature. * \$ 500 Limit to Governor. * Public Financing Mechanism * Voluntary Spending Limits. 	75,000

PHK 24 53 11-45 P.2

CAMPAIGN REFORM? Get Real!

BY ED GARVEY

President Clinton scored a major hit, according to reports in the news media, when he attended the recent G-7 conference in Tokyo. He talked to the Japanese people over the heads of their own government, discussing the price of consumer goods in the United States and the desirability of open markets. He could get away with what many would consider interference in Japanese politics—just before scheduled national elections—because the government of Japan had not fallen over the price of lettuce in grocery bins but over the price paid by Japanese corporations to influence members of the ruling party. Corruption, not cabbage, was on the minds of voters.

What Clinton could not do was tell his Japanese audiences about the democratic electoral system in the United States and how they could adapt it to address their problem of political corruption. He would have looked silly if he had focused on the price of winning a House or Senate seat in America. As for the role of corporations in corrupting *our* system—well, better to talk about open markets.

The average cost of winning a seat in the U.S. House of Representatives in 1992 was \$555,000, and the average cost of a winning Senate campaign exceeded \$3.5 million. While those figures are staggering, they don't begin to tell the full story; many seats are not highly competitive because incumbents almost always win. Higher than average sums are spent when races are competitive. Herb Kohl spent more than \$7 million in a competitive race in Wisconsin in 1988. California, Texas, and

Ed Garvey was the Democratic candidate for U.S. Senator from Wisconsin in 1986 and sought the Democratic senatorial nomination in 1988. Research for this article was assisted by a grant from Essential Information, Inc.

New York Senate races cost well over \$15 million.

None of this will be solved by Bill Clinton's "bold" approach to campaign-finance reform. Clinton is betting you won't read the fine print. When the Senate passed a publicity ploy called "reform," Clinton proclaimed that democracy was about to be restored. He talked about "fundamental" change in the flawed system. Could he be serious?

And could Common Cause, the perpetual champion of campaign-finance reform, be serious about protecting the public interest? Forget it. Fred Wertheimer, the head of Common Cause, is leading the applause for the Senate bill. Common Cause deserted the coalition advocating public financing of campaigns and sold out in favor of the Senate version. In so doing, it may have foreclosed the opportunity to have a serious national debate on real reform.

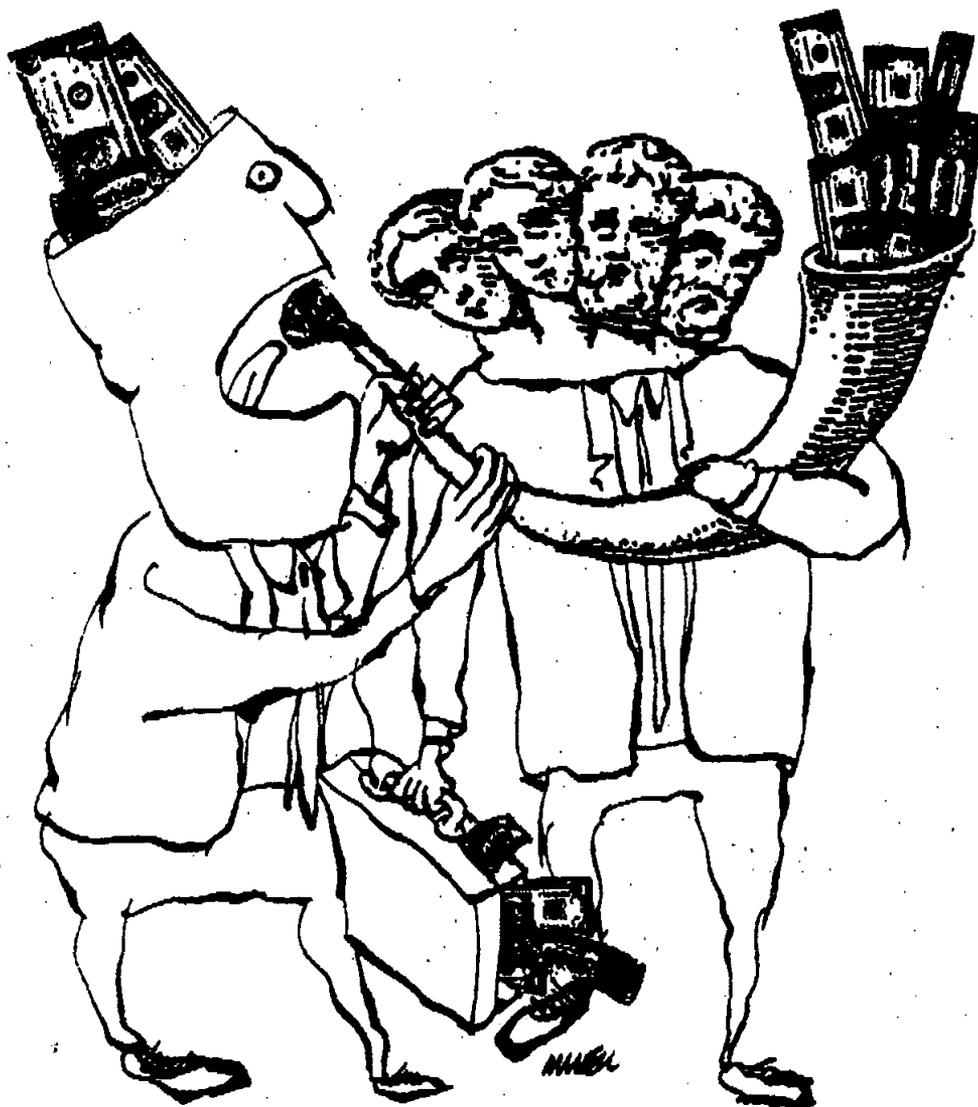
Let's recall how Clinton won the Democratic Presidential nomination and how he got enough money to win the Presidency. William Greider reminds us in his classic *Who Will Tell the People* that Clinton was the darling of the Democratic Leadership

Council, usually referred to by the initials DLC. (During the Jerry Brown campaign, we referred to it as "Democrats for the Leisure Class.") As Greider points out, the DLC was the brainchild of Robert Strauss and other Washington lawyer-lobbyists for big business, and was funded by ARCO, the American Petroleum Institute, Dow Chemical, various insurance companies, and military contractors. The Strauss connection can be seen throughout.

I met Bob Strauss in 1973, after George McGovern lost his Presidential bid, when I was bidden to lunch with him and Edward Bennett Williams, another Washington power broker. I had no idea why I had been invited, but soon learned that I was being enlisted to help remove the "McGovernites" from the Democratic National Committee. Though McGovern had lost the election, his followers still controlled the DNC because they had mounted a dramatic grass-roots effort. Strauss argued that "these people simply had to be removed" if we were to save the Party. Both he and Williams deplored the absence of "realists" among them.

My response was that my wife and I had been early McGovern supporters, and "these people" slated for purging were us. For obvious reasons, it wasn't a long lunch.

As I watched the creation of the DLC, I couldn't help but remember how certain Strauss was that his types, the "realists," the "loyal Democrats," had to control the Party. Now they would set the agenda and help name the leading candidate for President through an organization that the insiders ran without any need for caucuses, conventions, or elections. Yea, the DLC was the perfect mechanism for big business to help Chuck Robb of Virginia, Sam



CHRIS MULLEN

Nunn of Georgia—or Bill Clinton. Money, ideas, speech writers, and contacts would be available to the “mainstream” candidate and if they chose carefully, he would become President.

What should we expect from the first DLC President? An early clue came when he appointed the DLC’s handpicked Democratic national chairman, Ron Brown of the high-powered lobbying firm of Patton, Boggs & Blow, to be Secretary of Commerce. Next, the head of the Goldman Sachs investment-banking firm, Robert Rubin, was appointed to head economic policy. (Goldman was the top Wall Street contributor to the Clinton campaign.)

These appointments were comforting to those DLC-type business leaders who contributed more than \$40 million in so-called soft money to the Clinton campaign and to the Democratic Party. Having a senior partner at the corporate law firm of O’Melvany and Meyers oversee all Clin-

ton appointments really put the corporate brass at rest.

Ellen Miller, director of the nonpartisan Citizens for Responsive Politics, points out that Clinton got nearly \$5 million from the lawyer-lobbyists, and huge contributions from military, communication, health, and agribusiness interests. The finance, insurance, and real estate industries gave \$6.8 million, according to Miller. Compared to these contributions, labor’s campaign money was minuscule.

The likelihood that ARCO, ADM, Prudential, or Ron Brown, Bob Rubin, and Warren Christopher would argue that Clinton should remove the influence of money in our political process is as great as the likelihood that Bob Strauss would recant and argue for a return to grass-roots control of Democratic politics. It won’t happen; they like the system just the way it is. It works for them on every issue from capital gains and progressive income tax proposals to health care. Why mess with a good thing?

Let the people vote, let them endorse preselected candidates, let them come to the Inaugural Ball, but for God’s sake, don’t let them win.

So, is Clinton serious about real reform? Will he eliminate money from the process and jeopardize his financial base for re-election? Does he understand that the movement toward public financing of campaigns is about democracy? Will the Mets win the pennant?

The focus of the Clinton-Mitchell message is PACs—political-action committees. Everyone knows that PACs are evil, PACs are the problem, PACs are, indeed, the very essence of special interests. Politicians rail against PACs. Some refuse to take tainted PAC money in elections. Editorial writers demand an end to PACs and suggest that if we could eliminate PACs, our system would be cleansed.

Such hogwash! One can forgive the editorial writers because big business owns their papers and the anti-PAC line fits into the big business/DLC argument. Big business understands that working people, women, minorities, seniors can have influence with small contributions poured into PACs, but cannot even consider attending the major Democratic Party fund-raising affairs still called Jefferson-Jackson dinners. The affront to the memory of Andrew Jackson and Thomas Jefferson boggles my mind. Displaced rubber workers, out-of-work printers, laid-off auto workers can throw a five spot into the collection for a PAC but would never scrape together \$100 or \$500 for a dinner named after two democrats who worried about the impact of moneyed interests on government.

If PACs can be eliminated, big business and the wealthy simply take over the entire process. Only they can afford to buy elections at the \$555,000 level for the House, \$3.5 million for the Senate. Think about these figures for the Center for Responsive Politics: In 1992, total spending on Senate and House races topped \$678 million. Did those *dirty* PACs dominate? You bet, if you read the editorials, but not if you look at the facts. PACs contributed \$52 million of the \$271 million raised for Senate races, while individual contributors gave \$163 million. Fifty-two House candidates spent more than \$1 million each on their own campaigns in 1992. How many blue-collar or white-collar workers do you know who can spend a million dollars on a campaign? How many people do you know who could take posi-



CHRIS MULLEN

tions advocated in this magazine and raise \$1 million? How about the \$5 million needed to defeat an incumbent Senator?

In two Senate races, I raised a total of \$1.5 million from Malibu to New York, Dallas to Seattle, and in every section of Wisconsin. At least half of the money came from those dirty PACs—labor unions, peace organizations, women's groups, seniors, and other progressives. Without that money, I would have been as relevant as Larry Agran and Gene McCarthy were in the 1992 Presidential campaign. They weren't invited to the debates even on public television; they weren't

"serious" candidates because they didn't have serious money. Ross Perot was serious, and he was invited to the debates; he had the money.

Lurking behind the Clinton "reform" is the completion of Bob Strauss's dream: elimination or marginalization of PACs and those who contribute to them. Candidates will seek support from ARCO, not SEIU (the Service Employees International Union); from Dow, not NOW; from insurance companies, not the uninsured. In Bob Strauss's worst nightmare, the McGovernites are still out there, ready to storm the citadel of the Democratic Party. It isn't enough that the conservatives nomi-

nated Jimmy Carter over Morris Udall. Michael Dukakis over Paul Simon. No, there is always a danger that the people will speak. Let them vote, let them endorse preselected candidates, let them come to the Inaugural Ball, but for God's sake, don't let them win—don't even let them influence the game by pooling their money.

You will know when Bill Clinton is serious about democracy. On that day, he will tell the American people:

"My fellow Americans, We have one of the most corrupt political systems in the world. Money, not ideas, determines the outcome of elections. Corporations, with their agenda of greed and self-promotion, dominates the Congressional and the Presidential races. Only a fool would believe that a candidate can accept millions of dollars from the insurance industry and not feel its influence when he thinks about health care.

"If you believe the lobbyists in Washington arrange the fund-raisers because they want independent public servants fighting for the people, you may be too stupid to vote. Turn in your registration card. If you believe that a Senate dominated by millionaires is the answer to the needs of our staggering cities, our collapsing schools, and our regressive tax system, you haven't had dinner with a millionaire lately.

"No, my friends, this is not the America of Jefferson, Jackson, Roosevelt, and Eisenhower. This is the America the Kerner Commission warned us about twenty-five years ago. It is a society of rich and poor, of corporate domination; of every piece of legislation debated in Congress. The corporations control our parties, select our candidates, determine the outcome of our elections, and establish the legislative and executive agendas.

"I am asking—no, demanding—that the Congress pass the Democracy Bill of 1994, which will provide complete public financing of our elections. Only then can we say to every young girl and boy that in America, everyone can grow up to be Governor, Senator, or President. Today, that is a lie.

"If Congress fails to enact that bill, I'm asking millions of you to come to Washington and stay here until it is passed. If it is not passed by the summer of 1996, I will not seek, nor shall I accept, the nomination of my Party for President. I will run as an independent, and I pledge to you that I will accept no money from any source in my campaign. The day a President is elected without money from big business is the day we will have universal health care, a progressive tax system, job protection, and true democracy."

If we ever hear Bill Clinton deliver that speech, or anything like it, we'll be able to say goodbye to the DLC and the likes of Bob Strauss. We'll be able to say hello to democracy. ■

in 103rd Cong.

CAMPAIGN FINANCE REFORM COMPARISON OF HOUSE AND SENATE BILLS ON MAJOR ISSUES

1

Issue	House	Senate	Notes
1. Spending Limits	\$600K (1992 base year); add'l \$200K for contested primary, \$200K for runoff. Legal and audit costs exempt; fundraising and accounting costs exempt up to 10% of limit.	Formula based on state population (1996 base year). Primary 2/3 add'l; runoff 20% add'l. Legal and accounting compliance exempt up to lesser of 15% of limit or \$300K. Fundraising costs not exempt.	
2. Public benefits for candidates who accept limits.	Communications vouchers up to \$200K. Spending limits lifted if opponent is noncomplying and raises more than 25% of limit. Add'l benefits to combat independent expenditures.	TV ads at 1/2 LUR; Two mailings to all voters at 3rd class rates. Public funds if noncomplying candidate exceeds triggers. Add'l benefits to combat independent expenditures. "Kick me" provision for opt-outs (all ads have to say "I don't accept limits").	
3. Source of funds for public benefits	No provision for funding. CFR not effective until enactment of revenue legislation.	Repeal lobby deduction. No tax exemption for opt-out candidates. CFR not effective until estimated costs offset.	
4. PAC Limits	\$5,000 per candidate per election (retains current law). \$200K aggregate per cycle with add-ons for contested primaries and runoffs for opt-ins. Aggregate limit removed if opponent opts-out and spends more than \$50K of own money.	PACs banned. Fallback if unconstitutional: \$1,000 per candidate per election. Aggregate limit of lesser of 20% of spending limit or \$825K.	
5. Soft Money	Prohibited but: 1. PACs can give \$25K to national parties (\$15K under current law); 2. individuals can give \$25K to state parties, \$40K total to state parties and Grassroots funds; 3. federal officeholders can still raise money for non-federal candidates; 4. No Response Funds	Prohibited but: 1. retains current law; 2. \$5K to state parties, \$20K total to state parties and Grassroots Funds; 3. federal officeholders cannot fundraise for non-federal candidates; 4. contributions up to \$7.5K to Response Funds per limit year for responding to expenditures by independent or membership organizations. (Jeffords amendment)	

03/17/95

11:29

TEL No.

MAR 16 1995 17:15 No.010 P.05

NO.694 D04

Issue	House	Senate	Notes
6. Bundling	Non-connected PACs like Emily's List may still bundle.	Bundling generally prohibited.	
7. Lobbyist contribution ban	No provision.	1 year ban on lobbying by contributors and on contributing by lobbyists.	
8. Independent Expenditures	Additional matching funds for responses to independent expenditures of over \$10,000 from all sources. Not subject to limits. Tightens definition.	Public funds for responses to independent expenditures over \$10,000 from a single spender. Not subject to limits. Tightens definition.	
9. Leadership PACs	No provision.	Banned 12 months after enactment.	
10. The frank	No provision.	No use of frank during year of election.	
11. Personal use of campaign funds	No provision.	Prohibits personal use; provides definitions and guidance; instructs FEC to promulgate rules.	
12. Out of state fundraising.	No provision	Banned until 2 years before election.	
13. FEC provisions	See separate chart.	See separate chart.	
14. Severability	Most provisions severable. If PAC or large donor aggregate limits or Make Democracy Work fund provisions are unconstitutional, all of those provisions fall.	If any part of expenditure limits or benefits for complying candidates are unconstitutional, the whole bill falls. Otherwise provisions are severable.	

MONTANA CAMPAIGN FINANCE REFORM INITIATIVE CAMPAIGN
Initiative 118

BACKGROUND: While simultaneously rejecting several anti-tax measures, voters in Montana enacted I-118 by a margin of 63% to 37%.

SUBSTANCE: The Montana measure was similar to the Missouri measure limiting contributions to legislative races to \$100 and gubernatorial races to \$400. The measure bans leadership PACs and also prohibits carryover of campaign funds.

POLITICAL POSITIONING: The campaign was well positioned as the good government group initiative.

OPPOSITION: The biggest opposition came from unions, particularly the AFL-CIO. They urged their members to oppose the initiative in their newsletters and stumped the state, but did not spend significant money.

CAMPAIGN: The campaign was supported by MontPIRG, the League of Women Voters, Common Cause and some smaller community and environmental groups. The campaign was primarily a free media campaign. Three editorials came out in favor of the campaign and several letters to the editor were printed. Larger media events showcased research and a visit from the national League of Women Voters President. We also did some paid radio in the final weeks. There was virtually no field campaign.

INITIAL POLL RESULTS: (July 94) 64% Yes
after push question: 54% Yes (no/undecided % unavailable)

MASSACHUSETTS INITIATIVE/REFERENDUM REFORM CAMPAIGN
Question One

BACKGROUND: There were mixed successes in Massachusetts on campaign finance reform this year. Earlier in the year, after a campaign finance measure, which would have limited contributions to \$100, had been qualified for the ballot, the legislature chose to pass a law limiting contributions to \$500. This was supported by Common Cause and MASSPIRG. The initiative was withdrawn from the ballot. A second measure, Question 1, which would have banned direct corporate contributions to ballot measures, was subsequently placed on the ballot.

SUBSTANCE: Under the proposed law, contributions could be solicited directly from individual stockholders and employees. This measure went down to defeat 59%-41%.

There were eight other ballot initiatives including a graduated income tax question, and propositions abolishing the blue laws and rent control. The Kennedy-Romney race also dominated the media, both free and paid.

POLITICAL POSITIONING: The initiative and referendum measure was backed by MASSPIRG, Common Cause, Sierra Club, Greenpeace, AARP was poorly positioned.

OPPOSITION: Of the fifty largest contributors, twenty seven were chemical or tobacco companies and nine were insurance or financial companies. Opponents spent over two million dollars.

Establishment opposition to the initiative included every major newspaper. Their two major arguments, in massive television and radio advertising, were 1) that this initiative would be an infringement on free speech; and 2) that it was an unfair restriction on corporations. The largest union in the state, the Massachusetts Teachers Association, also came out actively against the initiative, spending \$250,000 against us.

CAMPAIGN: Our own campaign relied heavily on free media and had success with radio shows and debates. Print media offered mediocre coverage, but television completely shut-out the campaign. We also spent \$100,000 on radio and print ads in the final weeks of the campaign.

Due to limited staff resources a field strategy was not part of the campaign, although visibility events were done for the week prior to the election and election day itself.

There is no doubt that this initiative sunk under the weight of opposition spending, including spending from some traditional allies, like the unions.

INITIAL POLL RESULTS: (July 94) 70% Yes, 13% No, 16% undecided
(after push question: 48% Yes, 26% No, 26% undecided.

**OREGON CAMPAIGN FINANCE REFORM INITIATIVE CAMPAIGN
Measure 9**

BACKGROUND: Oregon's measure 9 enjoyed the highest level of visibility and support of any of the campaign finance measures this fall. Like Colorado, Oregon does not have any contribution limits, though they have had other innovative campaign finance laws, such as the tax credit, in place for some time.

SUBSTANCE. The measure calls for \$100 limits on legislative races and contributions to PACs and a \$500 limit on statewide races. The measure also uses tax credits to enforce voluntary spending limits. Individuals contributing to candidates who comply with spending limits will be eligible for the tax credit. Contributors to non-complying candidates will not get the tax credit. It also prohibits bundling and bans leadership PACs.

POLITICAL POSITIONING: Support for the initiative came not only from a coalition of groups (OSPIRG, the League of Women Voters, Common Cause, and the American Party were primary, and AARP, City Club, Oregon Nurses Association, Oregon Consumer League, and over 200 other groups joined the list), but from key elected and former elected officials (most importantly the current and last 3 Secretaries of State and the Governor), and every major newspaper in the state. The initiative won support from 72% of the voters.

There were sixteen other questions on the ballot, including a "can't vote, can't contribute" initiative which narrowly passed, and anti-gay and right-to-die measures which attracted national attention. Given the lack of opposition, the biggest problem was figuring out creative ways to gain exposure for the initiative.

CAMPAIGN: The campaign did an aggressive media and field campaign including editorial board meetings and 30 published LTEs. Larger media events were held with the LWV President, golden keys were awarded to the candidates receiving the most money, as well as a "100 endorsers for \$100 limits" extravaganza, all of which received great coverage. We also ran paid radio ads in the final weeks.

A field operation was an important part of the overall strategy. A thousand lawnsigns were placed. Weekend lit drops resulted in close to 100,000 pieces dropped. The canvass handed out information at every door. Visibility events included rush-hour banner hanging, signs at political debates and rallies, and train/bus stop sign holdings.

The key in Oregon seemed to be the initial positioning of this measure as something which everyone in the good government community, from the establishment Secretary of State to Ross Perot's American Party, supported.

INITIAL POLL RESULTS: (July 94) 63% Yes, 11% No, 25% undecided
(after push question: 45% Yes, 16% No, 40% undecided.

**MISSOURI CAMPAIGN FINANCE REFORM INITIATIVE CAMPAIGN
Proposition A**

BACKGROUND: Proposition A was led by ACORN and MOPIRG with the support of the League of Women Voters, the Working Group on Electoral Democracy, AARP, SEIU, United We Stand and other citizen organizations. The coalition engaged in a low-cost, minimally staffed campaign which attracted 77% support.

Missourians were not at all focused on this measure. A gambling measure and an anti-tax measure were hotly contested and consumed the attention of the establishment and anti-tax communities. The Senate race also attracted considerable attention.

SUBSTANCE: In addition to limiting contributions to state house candidates to \$100, senate candidates to \$200 and statewide candidates to \$300, the law also calls for the creation of a Commission on Fair Elections which is directed to submit further recommendations on campaign finance reform including mitigation of the advantages of personal wealth, reducing electoral advantages of incumbency, and eliminating the influence of private money in elections.

POLITICAL POSITIONING: Despite the lack of interest from the cognoscenti and limited resources to get to them, the measure itself was simple and easy to understand to the average voter. It had the backing of all of the major populist groups in the state, including United We Stand, which did a mailing to its 40,000 members in support of the initiative in the weeks leading up to the election.

OPPOSITION: There was no organized opposition, although the ACLU and some local legislators did come out against the initiative. There was also opposition from some Democratic ward committees as well as from other campaign finance reform advocates from within and out of the state who argued that without public financing, this measure was "masquerading" as real reform.

CAMPAIGN: Given the lack of media interest in the initiative, free media was difficult. There was some editorial support in the state. Free media outreach included a tour of the major media markets with top ten reasons to vote for the initiative, a St. Louis Tea Party, and coalition endorsement announcements. We also ran radio ads in the final weeks.

There were minimal resources in the state to do any field work throughout the fall. Only limited visibility events were carried out the week prior to the election.

INITIAL POLL RESULTS: (October 94) 61% Yes, 26% No, 13% undecided
(after push question: 36% Yes, 52% No, 12% undecided.

(July 94) 56% Yes



CENTER FOR A NEW DEMOCRACY

410 Seventh Street SE ★ Washington DC 20003 ★ 202-543-0773 ★ FAX 202-543-2591

TAX CREDITS AND DEDUCTIONS FOR CAMPAIGN CONTRIBUTIONS

Tax credits and deductions are mechanisms through which governments can provide tax benefits as incentives for small contributions. While tax deductions reduce taxable income, tax credits are far more beneficial to taxpayers since they reduce the amount of tax that is owed by the taxpayer. Proponents of tax credits and deductions point to the attractiveness of encouraging a larger pool of small donors and to the advantage of supporting organized political activity. Detractors say that the cost is not worth the benefit since there is little evidence to suggest that any persons other than those who already give (primarily wealthy donors) actually take the credit or deduction.¹ However, recent public opinion research suggests that expensive or not tax credits and deductions may be one way to spend public funds for campaigns that is also palatable to the public.

Between 1972 to 1986, both a full tax deduction and a partial tax credit were available in varying degrees at the federal level for contributions to political candidates and party committees. Taxpayer participation rates in terms of the number of tax returns filed ranged from a low of 1.6 percent in 1974 to a high of 5.8 percent in 1980. The federal tax credit was repealed in 1986.²

Several countries provide for special tax treatment of private contributions, including Canada, Germany, Japan, Mexico, the Netherlands, Taiwan, Thailand, Turkey, and Great Britain.³ In Canada, this public benefit takes the form of a tax credit, which can accrue to a political party meeting certain threshold requirements or to a federal candidate who receives the party nomination.⁴ Canada's federal tax credit scheme has been used by most provinces as well. In a twist on the federal scheme, Ontario allows tax credits for candidates, parties, and local constituency organizations. The tax credit system appears to advantage those who organize and fund raise at the grassroots level.⁵

¹Greider, William. *Who Will Tell the People*, Simon & Schuster (1993), p. 53. See also, Lowenstein, D.H. 18 *Hofstra L. Rev.* 2 (1989), p. 364.

²Cantor, J.E. *Campaign Financing in Federal Elections: A Guide to the Law and Its Operation*, Congressional Research Service (October 15, 1993), p. CRS-28.

³Levush, R., Near Eastern and African Law Division. *Campaign Financing in Foreign Countries*, *World Law Focus* (19--), p. 3.

⁴*The World of Campaign Finance, A Reader's Guide to the Funding of International Elections*, The Center for a New Democracy and The Center for Responsive Politics (1993).

⁵Alexander, Herbert E., ed. *Comparative Political Finance in the 1980's*, Cambridge University Press (1989), p. 70-72.

Today seven states allow individual taxpayers some sort of a credit or a deduction on their state income tax returns for campaign contributions. No state's provision is identical to any others. There are, however, several features that are common to most of the provisions. First, most states allow credits or deductions for amounts no greater than \$100. Second, the credit or deduction is typically not available for an amount in excess of the taxpayer's total liability. Third, in order for a contribution to qualify for this special treatment, the recipient must usually be a member of some specified category, *e.g.* a qualified candidate for a particular office or an eligible political party. A brief description of each of the seven provisions is set forth below.

STATE	TAX PROVISION	DISTRIBUTION OF FUNDS
ARIZONA	Maximum \$100 deduction for amount donated or designated in surcharge blank on tax form. May be doubled on joint tax returns.	To political party designated by taxpayer.
HAWAII	Maximum \$100 deduction for contributions to central or county party committees, or maximum \$500 for contributions to candidates who abide by expenditure limits, with deductible maximum of \$100 total contribution to a single candidate.	To political parties and candidates for non-federal elective offices.
MINNESOTA	Maximum refund of \$50 for political contributions.	To political parties or qualified candidates.
MONTANA	Maximum \$100 deduction. May be doubled on joint tax returns.	To qualified candidates for certain state offices.
N. CAROLINA	Maximum \$25 deduction for political contributions or newsletter fund contributions. Also amount designated in surcharge blank on tax form (up to total liability) is deductible.	To political parties or qualified candidates.
OKLAHOMA	Maximum \$100 deduction.	To political parties or qualified candidates.
OREGON	Credit allowed equal to lesser of total contributions with a maximum of \$50 or the taxpayer's liability.	To political parties or qualified candidates.

amount of public funding that states provide could range from partial funding up to 100 percent in some states, with variable thresholds to qualify for the funds. Given the tight budget constraints faced today by all states, however, innovative means of financing public funding are an absolute necessity. The remaining proposals are concerned with this funding issue.

(2) Identification of non-traditional sources of revenue for public funding-- There has been considerable discussion and some experimentation on both the state and local level with non-traditional sources of revenue for public funding. Suggestions include establishing or increasing filing fees on PACs, lobbyists, candidates, and corporations, levying taxes on parties and PACs, earmarking fines paid for violations of campaign finance and ethics laws, removing the tax deduction for lobbying expenses of businesses, and removing special interest tax boondoggles while earmarking the displaced funds to a public campaign fund.

(3) Expanded use of tax credits and deductions to stimulate small political contributions by individuals-- An alternative to direct public financing is providing a 100% tax credit for small individual contributions to a candidate's campaign. Tax credits have been used to stimulate donations to political campaigns in Canada, as well as in Minnesota and Oregon. Tax deductions have been more popular than credits in this country, although they are a lesser incentive for contributions because they come out of pre-tax earnings. The tax credits could be used in conjunction with low contribution limits and could apply to any organized constituency group, political party, or candidate.

(4) Partial public financing through vouchers for free television or radio broadcast time-- States could pass laws providing public funding in the form of free television time on public broadcast television and cable television to candidates who agree to adhere to spending limits. The television time would be on facilities regulated by the state-- public television channels and cable television systems. In *Vote Choice v. DiStafano*, the First Circuit Court of Appeals recently upheld such a provision enacted by Rhode Island as a legitimate form of in-kind public financing.

THE YEAR IN POLITICAL REFORM

Significant Events in 1995 Laying the Seeds for CFR in 1996

January

Sen. Mitch McConnell says "campaign finance reform is not on the table."

Congressional Accountability Act passed and signed into law.

Republicans in House beat back Democratic efforts to attach gift and lobbying reform to House rules changes.

February

Year-end FEC reports of new Members show PACs contributing in large numbers to pay off outstanding campaign debts.

April

First solid indications of PAC \$\$\$ shifting strongly to Republican side; 1st quarter reports show nearly 75% of PAC contributions going to Republicans.

May

Citizen question about campaign finance and lobbying reform prompts the "New Hampshire Handshake" between President Clinton and Speaker Gingrich.

Senate defeats effort to kill public financing of Presidential elections, adopting Kerry amendment to Senate budget resolution by a 56-44 vote.

June

Senate reformers gain Majority Leader Dole's agreement to date certain for consideration of gift and lobbying reform by threatening to attach amendments to telecommunications bill.

July

Senate passes gift and lobbying reform measures by 98-0 votes.

Freshman Republicans Linda Smith (R-WA) and Sam Brownback (R-KS) introduce the Clean Congress Act of 1995 (H.R. 2072).

12/30
12/30
12/30
12/30
Pam Edwards

Senate adopts resolution sponsored by John McCain (R-AZ) and Russ Feingold (D-WI) expressing the "sense of the Senate" that campaign finance reform will be addressed in this session of Congress.

August

Majority Leader Arney states that House is "too busy with other matters" to address gift and lobbying reform this year.

CFR tops agenda of United We Stand America conference in Dallas; Linda Smith and Sam Brownback receive enthusiastic reception, begin campaign for their bill.

September

Release of Packwood diaries highlights pervasiveness of cozy lobbyist/member relationships and borderline illegal election practices.

Senators McCain and Feingold introduce S.1219, the Senate Campaign Finance Act of 1995.

Speaker Gingrich announces that House may have time for gift and lobbying reform this year after all.

October

Senators Chris Dodd (D-CT) and Bob Kerrey (D-NE), heads of the DNC and the DSCC sign on as cosponsors of S.1219.

Rep. Linda Smith joins Reps. Chris Shays (R-CT) and Marty Meehan (D-MA) introduce H.R. 2566, the Bipartisan Clean Congress Act of 1995, closely resembling S.1219.

Freshman Republican threaten to vote with Democrats to add lobbying and gift reform to legislative appropriations bill; Majority Leader Arney agrees to bring those bills to the House floor by November 16.

November

House Oversight Committee holds first day of hearings on campaign finance reform proposals; Speaker Gingrich and Minority Leader Gephardt are leadoff witnesses.

Sen. John Kerry organizes bipartisan panel including Pat Buchanan, Ross Perot, Sam Nunn, Alan Simpson, and others to discuss campaign finance reform; event is carried live on CNN and Ross Perot appears on Larry King Live to discuss the issue.

House votes on lobbying and gift reform (expected).



Buyers Up • Congress Watch • Critical Mass • Global Trade Watch • Health Research Group • Litigation Group
Joan Claybrook, President

CAMPAIGN FINANCE REFORM IS BACK

Eight Indicators That Legislation Can Pass In This Congress

Campaign finance reform is a front burner congressional issue once again. Even though the Congress is controlled by a party that historically has been hostile to such efforts, there are many signs that legislation could make significant progress next year. Of course, hope springs eternal, and we have been disappointed before. But a number of recent developments suggest that this time things may be different.

- **Bipartisan Senate Cooperation on Reform Issues** -- A promising bipartisan team on government reform issues has emerged in the Senate. Senators John McCain (R-AZ) and Russell Feingold (D-WI) pushed a tough gift bill to the floor and shepherded it to unanimous approval. They have now joined forces to introduce the first bipartisan campaign finance measure in the Senate in over a decade. S. 1219 now has 13 co-sponsors, including Republican Senators Alan Simpson (WY) and Fred Thompson (TN) and Democratic Senators Sam Nunn (GA) and Paul Simon (IL). The head of the DNC and the DSCC, Christopher Dodd (D-CT) and Bob Kerrey (D-NE), respectively, are also co-sponsors.

Bipartisan agreement on the broad outlines of a campaign finance bill is a very significant accomplishment. Indeed, one of the major obstacles to passing comprehensive reform -- designing a bill that both Republicans and Democrats can vote for -- has already been achieved. One feature of the bill that increases its chances for gaining wide bipartisan support is that it contains no public financing. Instead, free or low cost media advertising benefits are used to encourage adherence to spending limits. A similar bill (H.R. 2566) has now been introduced with bipartisan support in the House.

At the beginning of November, Senator John Kerry (D-MA) organized a bipartisan forum to discuss campaign finance reform that included some of the cosponsors of the McCain-Feingold bill in the Senate, former members Paul Tsongas and Warren Rudman, Ross Perot, and Pat Buchanan. While disagreeing about some of the details of reform legislation, the entire panel signed a letter to congressional leaders on both sides of the aisle requesting that campaign finance reform be put on the agenda next year.

- **CFR Is A Key Issue For Freshman Republicans** -- The 77 member freshman Republican class has a strong interest in moving campaign finance reform in this Congress. Many of these members defeated Democrats who tried unsuccessfully to bring about government reform. Unlike their predecessors, they are not willing to take no for an answer. They have already succeeded in forcing the leadership to bring up gift and lobbying reform

Ralph Nader, Founder

215 Pennsylvania Avenue SE • Washington, D.C. 20003 • (202) 546-4996

this year, against its wishes. The leadership also agreed to hold a series of hearings in the House Oversight Committee on campaign finance reform.

One of the most outspoken reformers in this class is Linda Smith (R-WA), a conservative former state legislator who won nomination through a write-in campaign. Smith took the UWSA convention in August by storm with her fairly extreme and not comprehensive campaign finance proposal. Fortunately, she has now joined forces with a bipartisan group in the House led by Christopher Shays (R-CT) and Marty Meehan (D-MA) and introduced a comprehensive bill (H.R. 2566) that very closely resembles the McCain-Feingold Senate bill. Smith has become a leading spokesperson on this issue. She has published op-eds in the Washington Post and was featured in a NBC Nightly News segment last week. It is a significant development that she is now identified with the comprehensive bipartisan effort.

- Democrats Are Liberated From Their Ambivalence on the Issue -- One of the biggest obstacles to reform in previous Congress has been the Democrats' ambivalence. Their instincts have been to support reform, but because they became so reliant on special interest money in the 1980s, they often would not go the extra mile. The Republican takeover has opened the floodgates of corporate money to the Republicans, and although Democrats may be slow to sign on to a bill that severely limits PACs, they no longer have the enormous attachment to the current system that they had in the past.

Both House Democrats and President Clinton have recognized the political opportunity that pushing campaign finance reform offers. If the issue remains high on the agenda during the Presidential campaign, President Clinton will undoubtedly be pushing for enactment of legislation.

- CFR Is A Priority for Ross Perot and United We Stand America -- At UWSA's national conference in August, campaign finance reform was a dominant issue. Even long-time foes of reform like Newt Gingrich and Bob Dole were forced to mention the issue. Ross Perot called for the Congress to give a Christmas present to the American people by passing reform this year. The issue is also playing a major role in the drive to form a third party that Perot recently announced. Although the party will not field congressional candidates, it will endorse candidates from the two major parties based on their position on a number of government reform issues including campaign finance reform. As noted above, Ross Perot participated in Senator Kerry's panel discussion and appeared on CNN that night to discuss the issue. Finally, it should be noted that UWSA is a leading group supporting a campaign finance initiative in California, meaning that a large number of activists from that important state may be primed to work for federal legislation.

- The Time For A Commission Has Passed -- In May 1995, President Clinton and Speaker Gingrich agreed to create a bipartisan base-closing style commission to make proposals on campaign finance and lobbying reform. Clinton immediately followed up with a concrete proposal. Gingrich avoided the issue for the next six months. In the meantime, the

Senate acted and the House agreed to act on lobbying reform, and bipartisan legislation was introduced on campaign finance reform. When Gingrich made the idea of a commission the centerpiece of his recent testimony before the House Oversight Committee, the nearly universal reaction from the press and the public was cynicism. While the Commission idea may continue to be batted about, it does not appear that it will replace efforts to move substantive legislation.

- Scandals Continue To Fuel Public Desire For Reform -- The need for campaign finance reform has been demonstrated repeatedly during this revolutionary year. The incredible shift of PAC dollars generally to the new majority party, and the use of contributions as a lobbying tool in the telecommunications, medicare, clean water, and regulatory rollback debates, have constantly reminded the public of the enormous impact of money on the political process. Speaker Gingrich's ethical problems also raise the specter of improper influence by monied interests. Even the seamy Packwood story contained numerous examples of the corrupt money system that is business as usual in Washington.

The public is ready for significant change in this area. As a result, when Speaker Gingrich announces that the problem is "not enough money in politics," few take him seriously.

- State Activism on CFR is Growing -- Committed activists are pushing state campaign finance reform proposals through the initiative process where it is available and in state legislatures. These individuals are likely to be enthusiastic supporters of federal reform legislation once it gathers a little steam. In addition, in states where concrete legislation is not yet being actively pursued, federal legislation may serve as an organizing tool for groups interested in creating a movement for reform at the state level.

- All of This Has Happened Without an Organized Grass Roots Effort -- Citizen power has not yet been brought to bear on this issue. The advances on campaign finance reform so far have been generated internally in the Congress in reaction to the sense of widespread public discontent. The seeds have now been sown for a breakthrough. An organized grassroots campaign on this legislation could yield enormous dividends in a very short time.

November 7, 1995

Post-It® Fax Note	7671	Date	11/27	# of pages	2
To	Laurence Petroni	From	Lloyd Leonard		
Co/Dept.		Co.	League of Women		
Phone #		Phone #	Voters		
Fax #		Fax #			

The League of Women Voters does not support the McCain - Feingold campaign finance bill. Though the core concepts of the legislation are sound -- voluntary spending limits and "soft money" restrictions -- there are too many objectionable features in the bill. The following changes need to be made:

1. There must be limits on large contributions from individuals. The Shays-Meehan-Smith bill in the House achieves this by setting a 25 percent aggregate limit on contributions over \$250. Such a requirement is needed for several reasons. First, it reduces the chances that PAC contributions will reconstitute themselves as large individual contributions. Second, large individual contributions are a major way in which special interest money is contributed, particularly in the Senate. In the 1994 cycle, Senate incumbents received only 25 percent of their contributions from PACs and challengers received only 5 percent from PACs. Banning or limiting PACs while doing nothing about large individual contributions is simply hypocritical. It will allow the special interest money to continue to flow. Third, disclosure would be undermined if PACs are controlled while large individual contributions are not. The special interest connection with PAC giving is largely on the public record. The money that will be reconstituted away from PACs and into large individual contributions will be much harder to trace -- the public's right to know will be compromised.

2. The limits on out-of-state contributions must apply to all candidates, not only to participating candidates. As now written, the requirement that 60 percent of contributions from individuals come from within the candidate's state serves to discourage candidates from participating in the spending limits system, since it only applies to those who volunteer for spending limits. The legislation should be written so that any distinction between in-state and out-of-state contributions applies to all candidates (as the PAC provisions do). The spending limits system is the most important part of the legislation. Nothing should undermine it or discourage candidates from participating.

3. The provision that increases the contribution limit from \$1,000 to \$2,000 must be dropped. This provision comes into play when a candidate's opponent does not agree to the spending limits and exceeds the limits. There are better ways to guard against non-participation, such as providing additional radio, TV or postal discounts. Increasing contribution limits runs counter to the need for controlling special interest contributions.

One suggestion for encouraging candidates to volunteer for spending limits would be to reinstate the tax credit for small contributions from individuals, but only when the gift goes to a participating candidate.

4. The ban on PACs should be dropped. Nearly everyone agrees that the PAC ban is

unconstitutional, that's why there is a fall-back written into the bill. The ban interferes with the free speech and associational rights of citizens. It would be better to simply regulate PACs (we support the 25 percent aggregate limit in the fall-back).

5. The PAC contribution limit should not be equal to the contribution limit on individual donations. The PAC fall-back provisions equalize PAC and individual contribution limits. This is wrong. Groups organizing to participate in the political process are exercising their associational and political rights. They should not be equated with an individual. In addition, ideological PACs (as opposed to business and labor PACs) probably are constitutionally protected.

If there is a need to regulate PACs beyond the 25 percent aggregate limit, then a distinction should be made between small-donor PACs and big-donor PACs. Under this system, there would be a larger contribution limit (perhaps \$5,000) for PACs that receive only small contributions (perhaps less than \$200). PACs that receive larger contributions would be more strictly limited (perhaps to \$1,500).

6. The distinction between in-state and out-of-state contributions should be dropped. There has been no demonstration that out-of-state contributions are corrupting while in-state contributions are not. This is the only basis on which the Supreme Court has allowed limits on free speech rights -- that certain contributions are corrupting or leave the appearance of corruption. A vague feeling that "they should raise contributions from back home" is not sufficient. While we recognize that an in-state requirement is probably necessary to keep bipartisan support for the legislation, no changes should be allowed that would make the requirement more restrictive.



Buyers Up • Congress Watch • Critical Mass • Global Trade Watch • Health Research Group • Litigation Group
Joan Claybrook, President

The Bipartisan Clean Congress Act of 1995

Campaign finance reform is alive and kicking in the U.S. Congress. For the first time over a decade, a bipartisan, comprehensive campaign finance bill has been introduced in both the House and the Senate. The bill is H.R.2566 (Smith-Shays-Meehan) in the House, and S.1219 (McCain-Feingold) in the Senate.

The cost of a seat in Congress now routinely exceeds a half a million dollars. Only those who are wealthy themselves or rely on wealthy contributors can run for federal office. And even in the "revolutionary" 1994 elections, over 90% of the incumbents who ran were reelected. This legislation contains a number of very important reforms to limit the influence of special interest money and end the advantages now held by incumbents.

The key provisions of H.R.2566 are described below. Differences between that bill and S.1219 are noted as necessary.

Voluntary Spending Limits and Benefits for Complying Candidates

House candidates are asked to agree to spend no more than \$600,000 in an election cycle, and no more than \$60,000 of their own personal wealth. The limits are raised when the candidate has a contested primary or a runoff election. Candidates who agree to abide by the limits become eligible to purchase their radio and television advertising at half price. They also can make three mailings to every voting age resident of their district at a reduced rate.

The voluntary spending limits in S.1219 vary according to state populations. Participating Senate candidates receive 30 minutes of free time on TV, half price TV ads, and two reduced mailings; they do not receive a reduced rate for radio ads.

Limits on Special Interest Contributions

PACs are banned under this bill. If that ban is unconstitutional, PACs may only contribute \$1,000 per election to a candidate (down from \$5,000). In addition, House candidates may accept no more than 25% of the spending limit (\$150,000) from all PACs combined. (In S.1219, the aggregate PAC limit if the ban is unconstitutional is set at the lesser of 20% of the spending limit or \$875,000.)

Large contributions are also limited. No more than 25% percent of the spending limit (\$150,000) can be raised in contributions of greater than \$250. If this limit is unconstitutional, it becomes a condition for receiving benefits under the voluntary spending limits system. (S.1219 does not contain a similar provision.)

Ralph Nader, Founder

215 Pennsylvania Avenue SE • Washington, D.C. 20003 • (202) 546-4996

Printed on Recycled Paper

Out of state contributions are also limited. No more than 40% of the contributions that a candidate receives from individuals can come from out of state. Again, if this limitation is unconstitutional, it becomes a condition of participating in the spending limits system. (In S.1219, this provision only applies to participating candidates.)

Lobbyists are prohibited from contributing more than \$100 to House candidates. (S.1219 does not contain this provision.)

Protections for Participating Candidates

Candidates who participate in the voluntary spending limit system also receive some protection in the event their opponents refuse to accept the limits or break the limits after agreeing to abide by them. These protections are particularly needed to offset the power of the "millionaire opponent." In such situations, the spending limits are increased in two stages up to a maximum limit of \$1.2 million. In addition, contribution limits for individual contributions (and PACs if they still exist) are raised to \$2,000. (The Senate bill has a one time 20% increase in the spending limit and the same variable contribution limit as the House bill.)

In addition, spending limits are raised dollar for dollar so that candidates can respond to independent expenditures against them. (S.1219 does not contain this provision.) The bill provides for prompt reporting of independent expenditures and tightens the definition of such expenditures to assure that they are truly independent of a candidate's campaign.

Other Key Provisions To Close Loopholes in Current Law

Soft money is banned. Currently, corporations and wealthy donors give millions of dollars in "soft money" to national and state parties that is not subject to the restrictions of federal law.

Leadership PACs are banned. Members of Congress currently run separate fundraising operations that raise millions of dollars from special interests in addition to the money they raise for their campaigns. (This provision is not in the Senate bill.)

Bundling is banned. This fundraising practice allows lobbyists to collect individual contributions from corporate executives and give them in a bundle that totals far more than a PAC could give.

Mass mailings under the **congressional frank** for the year prior to an election are prohibited.

Personal use of campaign funds is banned.

One term limit for **FEC Commissioners** (not in Senate bill) and other **FEC reforms**.

COLUMN LEFT/
JAMIN RASKIN
JOHN BONIFAZ

Wealth Robs the Unwealthy of Voting Clout

■ Rich contributors decide most primaries; this can be corrected.

In 1953, the Supreme Court struck down, as violative of the constitutional guarantee of equal protection, the last vestiges of the white primary, a candidate-nominating process that excluded African-American voters and candidates based on their race. Today, the wealth primary, a candidate-nominating process that excludes poor and working people of all races, has replaced the white primary as the principal instrument of anti-democratic exclusion.

In the wealth primary, big-money donors select and finance candidates for local, state and federal office. The candidates who win the wealth primary—who raise the most money or who are independently wealthy—usually go on to win the actual party primary and the general election.

Most Americans do not have the money to be heard in this exclusionary process. Thus, like its predecessor, the wealth primary violates the constitutional guarantee of equal protection for all, as it discriminates against poorer candidates and voters. Similarly, the wealth primary stands as a barrier to meaningful participation in the electoral process.

The modern Supreme Court has long been hostile to the placement of financial obstacles in the paths of voters. In 1966, two years after the 24th Amendment banned poll taxes in federal elections, the Supreme Court struck down Virginia's poll tax. Justice William O. Douglas wrote that "a state violates the equal protection clause of the 14th Amendment whenever it makes the affluence of the voter or payment of any fee an electoral standard. Voter qualifications have no relation to wealth. . . ." Likening wealth to race, he declared that wealth was a factor "not germane to one's ability to participate intelligently in the electoral process."

Six years later, the court articulated that principle in striking down further filing fees, ranging as high as \$8,900, that the state of Texas required primary candidates to pay to their political parties. "[W]e would ignore reality," Chief Justice Warren Burger wrote, "were we not to recognize that this system falls with unequal weight on voters, as well as candidates, according to their economic status."

When we look at the workings of the wealth primary on the federal level—the current campaign finance system for congressional candidates—we find that it, too, "falls with unequal weight on voters, as well as candidates, according to their

'Beverly Hills, a community of 31,000, produced double the number of federal campaign contributions in 1992 as the entire city of San Diego.'

economic status." According to the Center for Responsive Politics, a nonprofit research group in Washington, 81% of all money raised for House and Senate races in 1992 came from less than 1% of the nation's population in amounts of at least \$200. Beverly Hills, a community of 31,000, produced double the number of federal campaign contributions in 1992 as the entire city of San Diego, population 1.1 million.

Private money serves as a decisive factor in the outcome of elections. In 388 of 435 House races in 1992, the candidate who spent the most won. In the 36 Senate races, 31 of the winners outspent their opponents. The costs of running for federal office have soared to the point that most people of average means cannot even contemplate candidacy. In 1992, a seat in the Senate cost, on average, \$3.9 million to win; in the House, \$543,000.

Until now, the constitutional questions about our campaign finance system have narrowly focused on the First Amendment rights of well-financed candidates and wealthy contributors. This is due, in large part, to a dubious 1976 Supreme Court decision holding that the expenditure of private money in elections deserved the strictest protection under the First Amendment, and that congressional limits on such expenditures were unconstitutional. It is time to pose a wholly new question: whether our campaign finance system comports with the requirements of the equal protection clause. When we pose this question, the wealth primary is doomed.

Striking down the wealth primary, however, does not necessarily require a reversal of the 1976 decision, though such a reversal ought to someday occur. Rather, for those shut out of the wealth primary, equal protection means, at minimum, a voluntary public financing system that makes their exclusion irrelevant to the overall electoral process. The purported First Amendment rights of those participating in the wealth primary would be unaffected; they could keep spending to the heavens. But, with a system of democratically financed elections in place, no longer would this exclusionary private process infringe on the rights of equal participation for citizens without wealth.

Jamin Raskin is associate dean of American University's Washington College of Law. John Bonifaz is an attorney and director of the Boston-based National Voting Rights Institute, which has just filed the first test case, in New York, on the "wealth primary."

TUESDAY, JULY 26, 1994
COPYRIGHT 1994/THE TIMES MIRROR COMPANY/CC/106 PAGES

CIRCULATION:
1,104,651 DAILY / 1,502,120 SUNDAY

nde
npr
ing
ort
nu,
e
ely
isc
Id
m
cui
ly
re
is
r
ns
ed
y
it
id
cl
re
e1
11
1
ker
ge
idi
e
s
ys
ca
th
sc
th
th
th
he
it
f

Trying a Constitutional Tack to Curb Campaign Spending

By TODD S. PURDUM

Special to The New York Times

WASHINGTON — In the 1992 elections, members of the House of Representatives, on average, outspent their challengers 3 to 1, raised more than eight times as much from political action committees and used up more in their own free-mailing privileges than their challengers spent altogether. And nearly 9 out of 10 incumbents who sought re-election won.

To John Bonifaz, a 28-year-old Boston lawyer consumed by the nexus between private money and politics, those numbers are not just unfair. They are also positively unconstitutional, he says, a barrier to free and equal participation in public life as high and wide as poll taxes, excessive filing fees or all-white primaries in the segregated South.

In two law review articles, and now in his first test case in court, Mr. Bonifaz is using this novel theory to attack what he calls "the wealth primary."

His goal is to create a nationwide public campaign finance system and to challenge — or chip away at — the lodestar of existing campaign finance law, the 1976 Supreme Court ruling in *Buckley v. Valeo*. That decision held that limiting the amount of private money spent in elections violates the First Amendment right to free speech.

For nearly two decades, Mr. Bonifaz argues, Congress and the courts have focused on the *Buckley* decision and the protections it affords candidates — especially wealthy ones — to the exclusion of a competing and equally compelling constitutional claim under the Fifth Amendment's equal protection guarantee. He even contends that the current system violates the First Amendment rights of speech and association of candidates who cannot raise enough money to assert those rights.

"While some may think that there is only a political flaw in this, we think there is a constitutional flaw as well," said Mr. Bonifaz, speaking for himself and Jamin B. Raskin, associate dean of American University's Washington College of Law, who is the co-author of the legal theory. "We have a process that has become so critical to the whole business of getting elected, yet involves such a wealth barrier that it now invokes the Constitution again."

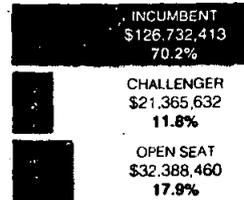
He added: "Just as the poll tax was seen as something that for years complied with constitutional concerns, one day it became clear that it could no longer be argued as valid. This is simply the newest barrier that needs to be struck down."

Legal scholars and practitioners are not so sure. They are divided over the validity of Mr. Bonifaz's legal theory; whether the financial inequities he points to are sweeping

A CLOSER LOOK

The Incumbent Advantage

The percentage of campaign donations given by political action committees in 1991-92 to incumbents, challengers and those running for open seats.



Source: Center for Responsive Politics

The New York Times

Do rich candidates have an advantage that violates the First Amendment?

enough to justify upending settled law and whether the facts of his test case are strong enough to win.

"This is an intellectual argument that's an interpretation of a Constitution that's always being reinterpreted," said Herbert E. Alexander, a political science professor at the University of Southern California in Los Angeles and a pioneer in the study of campaign financing.

"All that being said, I'd be surprised if it got very far in terms of constitutional doctrine at the present time," Mr. Alexander said, especially in a Federal judiciary still dominated by Republican appointees. "Ideas like this have to germinate over a long period, and then there may be some impact."

Richard D. Emery, a civil rights lawyer in Manhattan and veteran fighter for voting rights and campaign finance reform, said Mr. Bonifaz's suit and the legal theory it embodies posed "a very close call."

"It would be a major break with accepted principles of First Amendment and equal protection law," he said. "But major breaks, to deal with intractable social problems, have occurred in the past, and I wouldn't destine this to failure."

Mr. Emery should know. He brought the suit that led the Supreme Court in 1989 to declare New York City's Board of Estimate un-

constitutional because each of the borough presidents on it had one vote while representing populations that varied greatly in size. At the time he filed the suit, many politicians dismissed the case and Mr. Emery as quixotic.

For his test case, Mr. Bonifaz signed up Councilman Sal F. Albanese of Brooklyn, a Democrat in a preponderantly Republican district in Bay Ridge and Staten Island who challenged the incumbent Republican Representative, Susan A. Molinari, two years ago. Ms. Molinari raised more than \$524,000 to Mr. Albanese's \$267,000, and beat him with 55 percent of the vote to 39 percent.

Mr. Albanese contacted Mr. Bonifaz after reading the article that he and Mr. Raskin had written in the *Yale Law and Policy Review* last year. Last July, he filed suit in Federal District Court in Brooklyn against Ms. Molinari, her campaign committee and the Federal Election Commission. He asked the court to order Congress to create a public financing system that would redress inequities between incumbents and challengers.

"This case has the potential to open up a new frontier in voting rights law in the United States," said Ellen Miller, executive director of the Center for Responsive Politics in Washington, a nonprofit research group and leading critic of the influence of money on politics. "It is a propitious moment, because the old ways of thinking about this are clearly inadequate. The First Amendment protection of the system is a short-sighted one. It protects the First Amendment rights of the wealthy, but denies the rights of those who don't have money."

Both Ms. Molinari and the election commission have asked Judge I. Leo Glasser to dismiss the case on the ground that Mr. Albanese has no standing to sue. Ms. Molinari argues that since she complied with all existing laws, she cannot be held accountable if her incumbency gives her an advantage in raising money and that, in any event, Mr. Albanese is no longer a candidate and thus has no pending dispute for a court to resolve.

Mr. Albanese now has until Nov. 10 to respond.

"Bottom line," Ms. Molinari said, "is that Sal Albanese is a sore loser who has been stewing over his defeat for the last two years."

Even Mr. Albanese acknowledges

that Ms. Molinari had other variables in her favor besides money, chiefly that she lives in Staten Island (where the bulk of the district lies) — an important psychological consideration in a place that sees itself as left out of New York City's care and concern.

But Mr. Albanese, a maverick liberal on the Council who has repeatedly won re-election in a district more conservative than he, said he could have made bigger inroads if he could have afforded cable television time, or even a districtwide mailing. Instead, he said, he campaigned 14 and 15 hours a day, passing out leaflets in malls and neighborhoods.

"I'll be honest with you," he said. "I find it abhorrent to get on the phone with people I barely know to ask them for \$1,000 or \$500. I can't get up the nerve to do it. I didn't feel like I was running for office. I felt like I was holding a tin cup. It does something to your identity."

By at least one measure, Mr. Albanese held his own against Ms. Molinari in the money race, raising 38 percent of his contributions from political action committees — mostly labor unions — compared with 37 percent for Ms. Molinari. Such subtleties explain in part why legal experts are torn over the suit's merits.

Both Mr. Alexander and Mr. Emery said the biggest obstacle in moving the argument from the realm of scholarly article to court decision was that the facts at issue might not be overwhelming enough to support the claim of injury, given that even rich and powerful incumbents sometimes lose, and the other intrinsic disadvantages that Mr. Albanese faced.

Mr. Bonifaz acknowledges that he has an uphill fight persuading politicians and insiders of the need for change, since they have a vested interest in the current system. But he insists that so few candidates have ready access to the wealth needed to wage a winning campaign — and so few citizens have the wealth to compete with the biggest donors for the attention of their elected officials — that the system has become inequitable.

"It's a public process," he said. "It makes no sense to have it privately financed."

Still, standards have changed in the past, Mr. Bonifaz said, citing an opinion in a mid 1960's poll tax case by Justice William O. Douglas, who wrote that the equal protection



John Bonifaz for The New York Times

John Bonifaz, a Boston lawyer, asserts that the system of financing political campaigns is unconstitutional because it favors incumbents and the rich. Mr. Bonifaz, shown in his office, is making his argument in a suit on behalf of Councilman Sal F. Albanese of Brooklyn.

clause is "not shackled to the political theory of a particular era."

Mr. Bonifaz might also cite an epigram by Senator Claude Pepper, a liberal Florida Democrat, in a 1942 Manhattan debate on the poll tax. A member of the audience asked Mr. Pepper, "Do you think a one- or two-dollar poll tax can really be said to disenfranchise a man who wants to vote?"

Among those in the audience that day was a teen-ager named Daniel Patrick Moynihan, who was cheering Mr. Pepper. Mr. Moynihan, who is now New York's senior Senator, recalled that his heart sank at the simple logic of the question. But then, he said, "Claude Pepper ambled over to the microphone and remarked, 'Well, a dollar ain't much if you got one.'"

Losing Our Vote in the WEALTH PRIMARY

BY JOHN BONIFAZ

There are moments in our nation's history when a tradition that we once thought constitutional becomes constitutional no more. The history of the right to vote in this country includes, in fact, a series of such moments. Once held only by white male property owners, the right to vote has been continuously expanded as disenfranchised peoples have organized and struggled for an America that lives up to its legal and moral promise of democracy. Over time, the nation has seen the elimination of numerous barriers to voting rights—from property, race, gender, and age qualifications to exclusionary white primaries, poll taxes, high candidate filing fees, and vote dilution schemes.

Today, we must face up to the newest voting-rights barrier: the "wealth primary." The wealth primary is that exclusionary process, leading up to every party primary and every general election, in which those with money or access to money, by means of their campaign contributions, choose the candidates who almost invariably go on to govern. Those who do not raise enough money—that is, those who lose the wealth primary—almost always do not win office.

The rest of us, the vast majority of American people, are shut out of this process. Because we have, ultimately, little say in the outcome of elections, our right to vote is debased and undermined. Our system of financing electoral campaigns is constitutional no more.

Three months ago, a former congressional candidate and 13 people who had voted for him filed the first constitutional challenge to the campaign finance system for congressional elections based on the right to vote and the right to run for office. Sal Albanese, a five-term member of the New York City Council, ran in 1992 as the Democratic nominee in the 13th Congressional District of New York, covering Staten Island and part of Brooklyn. He faced the Republican incumbent, Rep. Susan Molinari, who raised and spent more money by a factor of nearly two to one. Albanese, who lacked both personal wealth and access to wealthy interests, lost the election.

On July 13, Albanese and the group of voters filed suit in the U.S. District Court for the Eastern District of New York against the Federal Election Commission, the agency that monitors and oversees the wealth primary, and against Molinari and her campaign committee. The case is being litigated by the National Voting Rights Institute, a Boston-based litigation group formed this year to challenge the campaign finance system.

The plaintiffs have asked the District

John Bonifaz is an attorney and director of the Boston-based National Voting Rights Institute. He and Jamin Raskin, associate dean of American University's Washington College of Law, are co-authors of "Equal Protection and The Wealth Primary" (Yale Law & Policy Review, Vol. 11, No. 2, 1993), on which much of this article is based.

Court to intervene in the wealth primary to protect their constitutional rights—and, thus, to follow the federal courts' long tradition of intervention where constitutional rights are not being protected by other branches of government.

'Part of the Machinery'

In 1953, the Supreme Court decided the last of what have become known as the "white primary" cases. But *Terry v. Adams*, 345 U.S. 461, did not actually involve a racially exclusionary primary. By the time *Terry* came around, the Court had already struck down all-white Democratic Party primary elections that were authorized by statute (*Nixon v. Herndon*, 273 U.S. 536 (1927)), by act of the state party's executive committee (*Nixon v. Condon*, 286 U.S. 73 (1932)), and by

resolution of the state party membership (*Smith v. Allwright*, 321 U.S. 649 (1944)). *Terry* involved the pre-primary candidate nominating process of an all-white political organization in Texas, the home of the earlier cases.

The Jaybird Democratic Association, a large private political club open only to white Texas voters, had for years nominated candidates to run in the Democratic Party primary. For years, those who won the "Jaybird primary" would invariably go on to win the Democratic primary and the general election.

In a decision of enormous import to the recently filed challenge of our campaign finance system, the Supreme Court ruled in *Terry* that the Jaybird Democratic Association's exclusionary process had become "part of the machinery for choosing

officials" and, therefore, required constitutional scrutiny. The Court then struck down the Jaybird primary, finding that it unconstitutionally excluded African-American voters on the basis of their race from "an integral part" of "the elective process that determines who shall rule and govern."

Like that white primary, the wealth primary today is "part of the machinery" for getting elected to federal office. It is, like its predecessor, both exclusionary and decisive. Candidates and voters who lack wealth and access to wealth are effectively excluded from the process. And the candidate who, by raising the most money, wins the wealth primary almost invariably wins the election.

SEE WEALTH PRIMARY, PAGE 26



That's the American way, some might say. If you can raise the money, you can spend it on your campaign. The Supreme Court said as much in its (highly controversial) 1976 decision in *Buckley v. Valeo*, 424 U.S. 1, when it struck down, on First Amendment grounds, mandatory congressional limits on overall congressional campaign expenditures, on candidates' expenditure of their personal wealth, and on "independent" expenditures.

But the constitutional question posed by the wealth primary is not about the First Amendment rights of well-financed candidates and wealthy contributors. It is about the equal-protection rights of those candidates and voters who are left behind in the fund-raising process because of their lack of money and access to money. No federal court in the nation has ever ruled on this critical question.

Wealth as a Barrier

Nearly 30 years ago, in the midst of the civil-rights movement, the Supreme Court stated that wealth cannot serve as a barrier to the right to vote. In *Harper v. Virginia State Board of Elections*, 383 U.S. 663 (1966), a decision that came two years after the 24th Amendment had banned poll taxes in federal elections, the Court struck down a poll tax of \$1.50 in Virginia state elections. The Court found that "a State violates the Equal Protection Clause of the Fourteenth Amendment whenever it makes the affluence of the voter or payment of any fee an electoral standard. Voter qualifications have no relation to wealth."

Six years later in *Bullock v. Carter*, 405 U.S. 134 (1972), the Court again faced the issue of wealth as a barrier in the electoral process and again stated that such a barrier cannot stand. This time, the question concerned a system of high filing fees that the state of Texas required candidates to pay in order to appear on the primary ballot. The fees ranged from \$150 to \$8,900.

The Court invalidated the system on equal-protection grounds. It found that, with the high filing fees, "potential office seekers lacking both personal wealth and affluent backers are in every practical sense precluded from seeking the nomination of their chosen party, no matter how qualified they might be and no matter how enthusiastic their popular support."

The "exclusionary character" of the system also violated the constitutional rights of non-affluent voters. "We would ignore reality," the Court stated, "were we not to find that this system falls with unequal weight on voters, as well as candidates, according to their economic status."

Our current system of financing electoral campaigns now stands where the poll-tax and filing-fee systems once stood. The facts—according to the D.C.-based Center for Responsive Politics, a leading source of information on the influence of private money in federal elections—speak for themselves:

- In 1992, the winner of a seat in the House of Representatives spent, on average, \$543,000; the loser, \$201,000. The winner of a seat in the Senate spent, on average, \$3.9 million; the loser, \$2.0 million.

- Eighty-nine percent of all House winners and 86 percent of all Senate winners outspent their opponents in 1992.

- On the House side, the champion spender in the last federal election was Republican Michael Huffington, a California millionaire who spent \$5.4 million to acquire his congressional seat. His Democratic opponent, Gloria Ochoa, spent \$663,027. Huffington is now running for the Senate against Democratic incumbent Dianne Feinstein in what will likely be the most expensive Senate race in U.S. history.

- The most expensive race on the Senate side in 1992 was in New York, where

Republican incumbent Alfonse D'Amato spent \$9.2 million to defeat his Democratic opponent, New York Attorney General Robert Abrams. Abrams spent \$6.4 million.

- An analysis by the government-reform group Common Cause reveals that four out of five House incumbents in 1992 faced either no challenger at all or a challenger with so little money—less than 50 percent of that available to the incumbent—as to be deemed not a serious competitor.

- According to a study by the Capitol Hill newspaper *Roll Call*, at least 28 of the 100 senators are millionaires, compared with less than 0.5 percent of the American public. This means that millionaires are overrepresented in the Senate by a factor of more than 5,000 percent.

- According to *Roll Call*, few: than 900,000 Americans, out of a population of 250 million, gave direct individual campaign contributions of \$200 or more in 1992. Beverly Hills, which has only 31,000 residents, produced 6,452 such contributions—more than double the number that came from the entire city of San Diego, which has a population of 1.1 million.

- Of all the money contributed to congressional campaigns in 1992, 81 percent came in amounts of \$200 or more. Of that, individuals contributed \$233 million, or 35 percent of all congressional campaign money. Political action committees contributed \$188 million, or 29 percent of all congressional campaign money. The remaining portion of that 81 percent came largely from the personal wealth of the candidates, through loans and contributions made to their own campaigns.

- Wealthy interests dominate the campaign fund-raising process. The vast majority of PAC money in 1992 came from corporate America. Business PACs gave \$126.8 million to congressional campaigns, outspending labor PACs by a

margin of three to one. Labor was also outspent by individuals concentrated in corporate America. When PAC and large individual contributions are taken together, business interests outspent labor interests by a ratio of 6.8 to 1 (\$295.4 million to \$43.3 million).

Seeking Needed Relief

The recent demise in Congress of even the most incremental reform effort on campaign finance demonstrates that voters cannot look to their federal legislators for protection of their rights in this area. Members of Congress, after all, are the chief beneficiaries of the current system. Relief from the courts is now necessary.

In *Albanese v. FEC*, CV-94-3299, Councilman Albanese and the group of New York voters are asking the District Court to intervene. They seek a court declaration invalidating as unconstitutional the Federal Election Campaign Act of 1971 (as amended), insofar as it allows for the solicitation and use of private money in federal elections. They also seek a court declaration invalidating as unconstitutional the congressional franking privilege and other subsidies to incumbent members of Congress, so long as such subsidies are not shared equally by all congressional candidates.

When Albanese ran for Congress in 1992, he raised \$267,000, an amount close to the norm for losing congressional candidates. His opponent, Rep. Molinari, raised \$524,000, an amount close to the norm for winning congressional candidates. Albanese, who lacked both personal wealth and access to wealthy interests, thus lost the wealth primary. The campaign finance system blocked his meaningful and equal participation as a candidate in the electoral process.

The voters who joined Albanese in this challenge represent a cross-section of the 13th Congressional District. The group includes Democrats, Republicans, and Independents. Some voted for Bill Clinton in 1992, others for George Bush, and others for Ross Perot. But all of them lack the wealth and access to wealth needed to participate in the decisive money-raising process. Their right to vote, as guaranteed by the equal-protection clause, is thus debased and undermined.

If the primary is part of the democratic process, so, too, is the campaign, including all the fund raising, that leads up to the general election. We ought, then, to have democratically financed elections.

A declaratory judgment in this case that the wealth primary, as authorized and sanctioned by federal law, is unconstitutional will help lead to the creation of an alternative system that protects the constitutional rights of all candidates and voters. Just as the courts 30 years ago helped change the makeup of federal and state legislative districts so that they comported with the principle of "one person, one vote," so the courts today can help break down the newest voting-rights barrier.

But, some might ask, if the influence of private money in elections cannot be tolerated, then how are candidates to run? Where does the money come from?

'Distribute the Influence'

In *Bullock v. Carter*, the state of Texas argued, among other things, that its system of high candidate filing fees was necessary to finance "the cost of conducting the primary elections." The state argued that if the fees were struck down, "the voters, as taxpayers, will ultimately be burdened with the expense of the primaries."

But Chief Justice Warren Burger, writing for the Court, stated that the primary is part of the democratic process and that "it seems appropriate that a primary system designed to give the voters some influence at the nominating stage should spread the cost among all the voters in an attempt to distribute the influence without regard to wealth." Given the many functions that government pays for, Burger wrote, "it is difficult to single out any of a higher order than the conduct of elections at all levels to bring forth those persons desired by their fellow citizens to govern."

We can take guidance from the Court's ruling in *Bullock*. If the primary is part of the democratic process, so, too, is the electoral campaign, including all the fund raising, that leads up to the primary and the general election. We ought, then, to have democratically financed elections, funded by all the people.

Such a system, in which candidates received equal amounts of public financing for their campaigns, would end the wealth

primary and open up the candidate selection process to all voters. It would also be a huge savings from our current system. The cost, at \$5 to \$10 per taxpayer, would be far less than the billions of dollars in legislative favors to campaign contributors—in the form of corporate subsidies and payoffs—for which taxpayers now foot the bill. (The savings-and-loan bailout alone is costing each taxpayer, on average, \$3,000.) Such a proposal for democratically funded elections, devised by the Working Group on Electoral Democracy, a grass-roots organization based in Deerfield, Mass., has already been introduced in five state legislatures.

Neither the state legislatures nor Congress, however, will protect the constitutional rights of non-affluent voters and candidates unless forced to do so. Councilman Albanese and the 13 voters have sought relief from the only place possible—the courts. Others will, no doubt, join them in new cases seeking judicial protection of their basic constitutional voting rights.

In the face of this challenge to the wealth primary, the courts may choose to preserve an illogical and anti-democratic tradition. But they may decide to examine the sad reality of American politics today and to carry forward the constitutional promise of democracy. It is possible to remake American politics. If we truly believe in the vision of popular democracy, we must try.

Editor's note: The full text of the plaintiffs' complaint in *Albanese v. FEC* can be accessed electronically over Lexis Counsel Connect. See Page 38 for instructions.

Albanese v. FEC

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Bipartisan Clean Con-
5 gress Act of 1995".

6 **SEC. 2. TABLE OF CONTENTS.**

7 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.

1 **TITLE I—HOUSE OF REPRESENT-**
 2 **ATIVES ELECTION SPENDING**
 3 **LIMITS AND BENEFITS**

4 **SEC. 101. HOUSE OF REPRESENTATIVES ELECTION SPEND-**
 5 **ING LIMITS AND BENEFITS.**

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

8 **“TITLE V—SPENDING LIMITS**
 9 **AND BENEFITS FOR HOUSE**
 10 **OF REPRESENTATIVES ELEC-**
 11 **TION CAMPAIGNS**

12 **“SEC. 501. CANDIDATES ELIGIBLE TO RECEIVE BENEFITS.**

13 “(a) IN GENERAL.—For purposes of this title, a can-
 14 didate is an eligible House of Representatives candidate
 15 if the Commission has certified, pursuant to section 504,
 16 that the candidate—

17 “(1) meets the election cycle filing requirements
 18 of subsection (b); and

19 “(2) meets the threshold contribution require-
 20 ments of subsection (c).

21 “(b) FILING REQUIREMENTS.—

22 “(1) IN GENERAL.—The requirements of this
 23 subsection are met if the candidate files with the

1 Commission under penalty of perjury a declaration
2 that—

3 “(A) the candidate and the candidate’s au-
4 thorized committees—

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

7 “(ii) will not accept contributions in
8 excess of the election cycle expenditure
9 limit, reduced by any amounts transferred
10 to this election cycle from a preceding elec-
11 tion cycle;

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

17 “(iv) will not accept any contributions
18 in violation of section 315; and

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

21 “(2) DEADLINE FOR FILING DECLARATION.—

22 The declaration under paragraph (1) shall be filed
23 the date the candidate files as a candidate for the
24 primary election. In the case of a candidate who is
25 not eligible to participate in a primary election but

1 qualifies for the general election ballot under State
2 law, the declaration under paragraph (1) shall be
3 filed not later than the date the candidate qualifies
4 for the general election ballot under State law.”.

5 “(3) NOTIFICATION.—A candidate who—

6 “(A) files a declaration pursuant to sub-
7 section (b)(1) of this Act; and

8 “(B) subsequently acts in a manner incon-
9 sistent with any of the limitations or require-
10 ments of the declaration filed under subsection
11 (b)(1) shall file a notification regarding such
12 acts with the Commission not later than 24
13 hours after the first such act inconsistent with
14 any of the limitations or requirements and shall
15 at the same time notify all other candidates for
16 the same office by sending a copy of the notifi-
17 cation filed with the Commission by certified
18 mail, return receipt requested.

19 “(c) THRESHOLD CONTRIBUTION REQUIREMENTS.—

20 “(1) IN GENERAL.—The requirements of this
21 subsection are met if the candidate and the can-
22 didate’s authorized committees have received allow-
23 able contributions during the applicable period in an
24 amount equal to 10 percent of the election cycle ex-
25 penditure limit under section 502(b), and file with

1 the Commission under penalty of perjury a state-
2 ment with supporting materials demonstrating that
3 this requirement has been met.

4 “(2) DEFINITIONS.—For purposes of this
5 Act—

6 “(A) the term ‘allowable contributions’
7 means contributions that are made as gifts of
8 money by an individual pursuant to a written
9 instrument identifying such individual as the
10 contributor, except that such term shall not in-
11 clude contributions from individuals residing
12 outside the candidate’s State to the extent such
13 contributions exceed 40 percent of the amount
14 set forth in paragraph (1), provided that—

15 “(i) no more than \$200 of any con-
16 tribution from an individual shall be taken
17 in account;

18 “(ii) at least 50 percent of the
19 amount required to be raised in the can-
20 didate’s State comes from contributions
21 from individuals residing in the congres-
22 sional district of such candidate; and

23 “(iii) such term shall not include any
24 contribution within the meaning of section
25 315(a)(8), as amended by section 231; and

1 “(B) the term ‘applicable period’ means—

2 “(i) the period beginning on January
3 1 of the calendar year preceding the cal-
4 endar year of the general election involved
5 and ending on the date of the general elec-
6 tion; or

7 “(ii) in the case of a special election
8 for the office of Representative in, or Dele-
9 gate or Resident Commissioner to, the
10 Congress, the period beginning on the date
11 the vacancy in such office occurs and end-
12 ing on the date of the general election.

13 **“SEC. 502. LIMITATION ON EXPENDITURES.**

14 **“(a) LIMITATION ON USE OF PERSONAL FUNDS.—**

15 **“(1) IN GENERAL.—**The aggregate amount of
16 expenditures that may be made during an election
17 cycle by an eligible House of Representatives can-
18 didate or such candidate’s authorized committees
19 from the sources described in paragraph (2) shall
20 not exceed 10 percent of the election cycle expendi-
21 ture limit under subsection (b).

22 **“(2) SOURCES.—**A source is described in this
23 subsection if it is—

1 “(A) personal funds of the candidate and
2 members of the candidate’s immediate family;
3 or

4 “(B) personal loans incurred by the can-
5 didate and members of the candidate’s imme-
6 diate family.

7 “(b) ELECTION CYCLE EXPENDITURE LIMIT.—

8 “(1) IN GENERAL.—Except as otherwise pro-
9 vided in this title, the aggregate amount of expendi-
10 tures for an election cycle by an eligible House of
11 Representatives candidate and the candidate’s au-
12 thorized committees shall not exceed \$600,000.

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

18 “(c) RUNOFF EXPENDITURE LIMITS.—The aggre-
19 gate amount of expenditures for a runoff election by an
20 eligible House of Representatives candidate and the can-
21 didate’s authorized committees shall not exceed 20 percent
22 of the election cycle expenditure limit under subsection
23 (b).

24 “(d) PAYMENT OF TAXES.—The limitation under
25 subsection (b) shall not apply to any expenditure for Fed-

1 eral, State, or local taxes with respect to earnings on con-
2 tributions raised.

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

10 “(f) COMPLYING CANDIDATES RUNNING AGAINST
11 NONCOMPLYING CANDIDATES.—

12 “(1) If in the case of an election with more
13 than one candidate where any candidate either—

14 “(A) fails to be certified as an eligible can-
15 didate by the Commission and has expended
16 personal funds in excess of 10 percent of the
17 election cycle limits contained in subsection (b)
18 or has received contributions or expended per-
19 sonal funds which in the aggregate exceed 70
20 percent of the election cycle limits contained in
21 subsection (b), or

22 “(B) violates the limitations on expendi-
23 tures of this Act, any eligible House of Rep-
24 resentatives candidate in that election shall be
25 permitted to raise additional contributions up to

1 an amount equal to 50 percent of the election
2 cycle limit contained in subsection (b).

3 “(2) If the candidate who has failed to be cer-
4 tified as an eligible candidate or who has violated
5 the limitations on expenditures of this Act has re-
6 ceived contributions or expended personal funds
7 which, in the aggregate, exceed 120 percent of the
8 election cycle limits contained in this section, any eli-
9 gible House of Representatives candidate in that
10 election shall be permitted to raise additional con-
11 tributions up to an amount equal to 100 percent of
12 the election cycle limit contained in subsection (b).

13 “(3) In the event a noncomplying candidate as
14 defined in subparagraphs (A) or (B) of paragraph
15 (1) spends an amount equal to 105 percent of the
16 election cycle limit contained in subsection (b), the
17 election cycle limit contained in subsection (b) for an
18 eligible House of Representatives candidate in such
19 election shall be increased by 50 percent. In the
20 event a noncomplying candidate spends an amount
21 equal to 155 percent of the election cycle limit con-
22 tained in subsection (b), the election cycle limit in
23 subsection (b) for an eligible House of Representa-
24 tives candidate in such election shall be increased by
25 100 percent.

1 **“SEC. 504. CERTIFICATION BY COMMISSION.**

2 “(a) IN GENERAL.—The Commission shall determine
3 whether a candidate has met the requirements of this title
4 and, based upon that determination, shall issue a certifi-
5 cation stating whether or not such candidate is eligible to
6 receive benefits under this title.

7 “(b) CERTIFICATION.—Upon receipt of the declara-
8 tion required under section 501(b) and the statement re-
9 quired under section 501(c), and such other information
10 as the Commission may by regulation require, the Com-
11 mission shall determine if such candidate meets the eligi-
12 bility requirements in section 501 and, if so, shall certify
13 the candidate’s eligibility for the benefits referred to in
14 section 503. The Commission shall revoke such certifi-
15 cation if, based on relevant information submitted in such
16 form and manner as the Commission may require or based
17 on relevant information that otherwise comes to its atten-
18 tion, it determines a candidate fails to continue to meet
19 any of the requirements of this title, including the limita-
20 tions on expenditures set forth in section 502(a), (b) and
21 (c).

22 “(c) DETERMINATION BY COMMISSION.—All deter-
23 minations (including certifications under this section)
24 made by the Commission under this title shall be final,
25 except to the extent that they are subject to examination

CLINTON LIBRARY PHOTOCOPY

1 and audit by the Commission under section 505 and sub-
2 ject to judicial review.

3 **"SEC. 505. REPAYMENTS; ADDITIONAL CIVIL PENALTIES.**

4 “(a) MISUSE OF BENEFITS.—If the Commission de-
5 termines that any benefit made available to an eligible
6 House of Representatives candidate under this title was
7 not used as provided for in this title, or that an eligible
8 candidate has violated any of the spending limits con-
9 tained in this Act or otherwise revokes the certification
10 of a candidate as an eligible House of Representatives can-
11 didate, the Commission shall so notify the candidate and
12 the candidate shall pay to the provider of such benefits
13 received an amount equal to the value of the benefits re-
14 ceived under this title.

15 “(b) CIVIL PENALTIES.—

16 “(1) LOW AMOUNT OF EXCESS EXPENDI-
17 TURES.—Any eligible House of Representatives can-
18 didate who makes expenditures that exceed a limita-
19 tion under this title by 2.5 percent or less shall pay
20 to the Commission an amount equal to the amount
21 of the excess expenditures.

22 “(2) MEDIUM AMOUNT OF EXCESS EXPENDI-
23 TURES.—Any eligible House of Representatives can-
24 didate who makes expenditures that exceed a limita-
25 tion under this title by more than 2.5 percent and

CLINTON LIBRARY PHOTOCOPY

1 less than 5 percent shall pay to the Commission an
 2 amount equal to 3 times the amount of the excess
 3 expenditures.

4 “(3) LARGE AMOUNT OF EXCESS EXPENDI-
 5 TURES.—Any eligible House of Representatives can-
 6 didate who makes expenditures that exceed a limita-
 7 tion under this title by 5 percent or more shall pay
 8 to the Commission an amount equal to 3 times the
 9 amount of the excess expenditures plus a civil pen-
 10 alty to be imposed pursuant to the procedures of
 11 section 309 of this Act (2 U.S.C. 437(g)).”.

12 **SEC. 102. BROADCAST RATES AND PREEMPTION.**

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

15 (1) by striking “(b) The charges” and inserting
 16 “(b)(1) The charges”;

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

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

20 (A) by striking “forty-five” and inserting
 21 “30”; and

22 (B) by striking “lowest unit charge of the
 23 station for the same class and amount of time
 24 for the same period” and inserting “lowest
 25 charge of the station for the same amount of

1 time for the same period on the same date”;
2 and
3 (4) by adding at the end the following new
4 paragraph:

5 “(2) In the case of an eligible House of Representa-
6 tives candidate (as described in section 501(a) of the Fed-
7 eral Election Campaign Act of 1971), the charges for the
8 use of a television or radio broadcasting station during
9 the 30-day period and 60-day period referred to in para-
10 graph (1)(A) shall not exceed 50 percent of the lowest
11 charge described in paragraph (1)(A).”

12 (b) PREEMPTION; ACCESS.—Section 315 of such Act
13 (47 U.S.C. 315) is amended—

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

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

18 “(c)(1) Except as provided in paragraph (2), a li-
19 censee shall not preempt the use, during any period speci-
20 fied in subsection (b)(1)(A), of a broadcasting station by
21 an eligible House of Representatives candidate who has
22 purchased and paid for such use pursuant to subsection
23 (b)(2).

24 “(2) If a program to be broadcast by a broadcasting
25 station is preempted because of circumstances beyond the

CLINTON LIBRARY PHOTOCOPY

1 control of the broadcasting station, any candidate adver-
2 tising spot scheduled to be broadcast during that program
3 may also be preempted.”.

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

7 (1) by striking “or repeated”;

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

10 (3) by striking “his candidacy” and inserting
11 “the candidacy of such person, under the same
12 terms, conditions, and business practices as apply to
13 its most favored advertiser”.

14 (d) JURISDICTION OVER TAKINGS CHALLENGE TO
15 BROADCAST RATES.—The United States Court of Federal
16 Claims shall have exclusive jurisdiction over any action
17 challenging the constitutionality of the broadcast media
18 rates required to be offered to political candidates under
19 section 503(1) of the Federal Election Campaign Act of
20 1971 and section 315(b) of the Communications Act of
21 1934. Money damages shall be the sole and exclusive rem-
22 edy in such cases, and only individuals or entities suffering
23 actual financial injury shall have standing to maintain
24 such an action.

CLINTON LIBRARY PHOTOCOPY

1 (e) **CONDITION OF RENEWAL OR NEW LICENSE.**—
 2 Section 307 of the Communications Act of 1934 is amend-
 3 ed by adding the following: “The continuation of an exist-
 4 ing license, the renewal of an expiring license, and the is-
 5 suance of a new license shall be expressly conditioned on
 6 the agreement by the licensee to abide by the provisions
 7 of section 503(1) of the Federal Election Campaign Act
 8 of 1971 and section 315(b) of this Act. The Commission
 9 shall take such action as it deems appropriate to assure
 10 compliance with this requirement.”.

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

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

20 **SEC. 103. REDUCED POSTAGE RATES.**

21 (a) **IN GENERAL.**—Section 3626(e) of title 39, Unit-
 22 ed States Code, is amended—

23 (1) in paragraph (2)—

24 (A) in subparagraph (A)—

1 (i) by striking "and the National" and
2 inserting "the National"; and

3 (ii) by inserting before the semicolon
4 the following: ", and, subject to paragraph
5 (3), the principal campaign committee of
6 an eligible House of Representatives can-
7 didate;";

8 (B) in subparagraph (B), by striking
9 "and" after the semicolon;

10 (C) in subparagraph (C), by striking the
11 period and inserting a semicolon; and

12 (D) by adding after subparagraph (C) the
13 following new subparagraphs:

14 "(D) the term 'principal campaign committee'
15 has the meaning given such term in section 301 of
16 the Federal Election Campaign Act of 1971; and

17 "(E) the term 'eligible House of Representa-
18 tives candidate' has the meaning given such term in
19 section 501(a) of the Federal Election Campaign
20 Act of 1971."; and

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

23 "(3) The rate made available under this subsection
24 with respect to an eligible House of Representatives can-
25 didate shall apply only to that number of pieces of mail

1 equal to 3 times the number of individuals in the voting
2 age population (as certified under section 315(e) of such
3 Act) of the congressional district.”.

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

8 **SEC. 104. CONTRIBUTION LIMIT FOR ELIGIBLE HOUSE OF**
9 **REPRESENTATIVES CANDIDATES.**

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

12 (1) by inserting “except as provided in subpara-
13 graph (B),” before “to” in subparagraph (A);

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

16 (3) by inserting immediately after subpara-
17 graph (A) the following new subparagraph:

18 “(B) to any eligible House of Representa-
19 tives candidate and the authorized political
20 committees of such candidate with respect to
21 any election for the office of Representative in,
22 or Delegate or Resident Commissioner to, the
23 Congress, which, in the aggregate, exceed
24 \$2,000, provided that such candidate is in a

1 general election where one or more candidates
2 either:

3 “(i) fail to be certified as an eligible
4 candidate by the Commission and have re-
5 ceived contributions or expended personal
6 funds, which in the aggregate, are in ex-
7 cess of 50 percent, or have expended per-
8 sonal funds in excess of 25 percent, of the
9 election cycle limits contained in section
10 502(b); or

11 “(ii) violate the limitations on expend-
12 itures contained in this Act.”.

13 **SEC. 105. REPORTING REQUIREMENTS.**

14 (a) Any candidate for the House of Representatives
15 who during the election cycle expends more than the limi-
16 tation under section 502(a) during the election cycle from
17 his personal funds, the funds of his immediate family, and
18 personal loans incurred by the candidate and the can-
19 didate’s immediate family shall report such expenditures
20 to the Commission within 48 hours after such expendi-
21 tures have been made or loans incurred. An additional re-
22 port shall be filed within 48 hours of the date such can-
23 didate makes expenditures of such personal funds aggre-
24 gating 25 percent of the election cycle limit under section
25 502(b).

1 (b) Any candidate for the House of Representatives
2 who has failed to be certified as an eligible candidate by
3 the Commission and who during the election cycle has re-
4 ceived contributions or expended personal funds which, in
5 the aggregate, exceed 50 percent of the election cycle lim-
6 its contained in section 502(b), shall file a report with the
7 Commission within 48 hours after such contributions have
8 been received or such expenditures have been made. Addi-
9 tional reports shall be filed within 48 hours after such can-
10 didate has received contributions or expended personal
11 funds which, in the aggregate, exceed 70 percent and 120
12 percent of the election cycle limit. Additional reports shall
13 be filed within 48 hours after the candidate spends an
14 amount equal to 105 percent and 155 percent of the elec-
15 tion cycle limit contained in section 502(b).

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

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

1 “(B) any national, State, or district com-
2 mittee of a political party, including any subor-
3 dinate committee thereof;

4 “(C) any local committee of a political
5 party that—

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

8 “(ii) makes payments exempted from
9 the definition of contribution or expendi-
10 ture under paragraph (8) or (9) aggregat-
11 ing in excess of \$5,000 during a calendar
12 year; or

13 “(iii) makes contributions or expendi-
14 tures aggregating in excess of \$1,000 dur-
15 ing a calendar year; and

16 “(D) any committee jointly established by
17 a principal campaign committee and any com-
18 mittee described in subparagraph (B) or (C) for
19 the purpose of conducting joint fundraising ac-
20 tivities.”.

21 (2) Section 316(b)(2) of the Federal Election Cam-
22 paign Act of 1971 (2 U.S.C. 441b(b)(2)) is amended—

23 (A) by inserting “or” after “subject;”;

24 (B) by striking “and their families; and” and
25 inserting “and their families.”; and

1 (C) by striking subparagraph (C).

2 (e) PROHIBITION OF LEADERSHIP COMMITTEES.—
3 Section 302(e) of the Federal Election Campaign Act of
4 1971 (2 U.S.C. 432(e)) is amended—

5 (1) by amending paragraph (3) to read as fol-
6 lows:

7 “(3) No political committee that supports or has sup-
8 ported more than one candidate may be designated as an
9 authorized committee, except that—

10 “(A) a candidate for the office of President
11 nominated by a political party may designate the na-
12 tional committee of such political party as the can-
13 didate’s principal campaign committee, but only if
14 that national committee maintains separate books of
15 account with respect to its functions as a principal
16 campaign committee; and

17 “(B) a candidate may designate a political com-
18 mittee established solely for the purpose of joint
19 fundraising by such candidates as an authorized
20 committee.”; and

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

23 “(6)(A) A candidate for Federal office or any individ-
24 ual holding Federal office may not directly or indirectly
25 establish, finance, maintain, or control any Federal or

1 non-Federal political committee other than a principal
2 campaign committee of the candidate, authorized commit-
3 tee, party committee, or other political committee des-
4 igned in accordance with paragraph (3). A candidate for
5 more than one Federal office may designate a separate
6 principal campaign committee for each Federal office.
7 This paragraph shall not preclude a Federal officeholder
8 who is a candidate for State or local office from establish-
9 ing, financing, maintaining, or controlling a political com-
10 mittee for election of the individual to such State or local
11 office.

12 “(B) For one year after the effective date of this
13 paragraph, any political committee established before such
14 date but which is prohibited under subparagraph (A) may
15 continue to make contributions. At the end of that period
16 such political committee shall disburse all funds by one
17 or more of the following means: making contributions to
18 an entity qualified under section 501(c)(3) of the Internal
19 Revenue Code of 1986 that is not established, maintained,
20 financed, or controlled directly or indirectly by any can-
21 didate for Federal office or any individual holding Federal
22 office; making a contribution to the treasury of the United
23 States; contributing to the national, State, or local com-
24 mittees of a political party; or making contributions not
25 to exceed \$1,000 to candidates for elective office.”.

1 (d) RULES APPLICABLE WHEN BAN NOT IN EF-
2 FECT.—For purposes of the Federal Election Campaign
3 Act of 1971, during any period beginning after the effec-
4 tive date in which the limitation under section 324 of that
5 Act (as added by subsection (a)) is not in effect—

6 (1) the amendments made by subsections (a)
7 and (b), shall not be in effect;

8 (2) it shall be unlawful for a multicandidate po-
9 litical committee to make a contribution to a can-
10 didate for election, or nomination for election, to
11 Federal office (or to an authorized committee of
12 such candidate) to the extent that the making or ac-
13 cepting of the contribution will cause the amount of
14 contributions in aggregate received by the candidate
15 and the candidate's authorized committees from
16 multicandidate political committees to exceed an
17 amount equal to 25 percent of the election cycle
18 spending limits set forth in section 502(b), as may
19 be modified by section 502(c), (e) and (f), regardless
20 of whether the candidate is an eligible House of
21 Representatives candidate; and

22 (3) notwithstanding any other provision of this
23 Act, it shall be unlawful for a multicandidate politi-
24 cal committee to make any contribution to a can-
25 didate and his authorized political committees with

1 respect to any election for Federal office which, in
2 the aggregate, exceed the amount that an individual
3 is allowed to contribute directly to such candidate or
4 to such candidate's authorized committees.

5 (e) EXCESS CONTRIBUTIONS.—A candidate (or au-
6 thorized committees of such candidate) who receives a con-
7 tribution from a multicandidate political committee in ex-
8 cess of the amount allowed under subsection (d)(1) shall
9 return the amount of such excess contribution to the con-
10 tributor.

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

15 **SEC. 202. AGGREGATE LIMIT ON LARGE CONTRIBUTIONS.**

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

19 “SEC. 327. (a) For purposes of the Federal Election
20 Campaign Act of 1971, during any period beginning after
21 the effective date of this Act, it shall be unlawful for a
22 candidate for election for the office of Representative in,
23 or Delegate or Resident Commissioner to, the Congress
24 (or the authorized committees of such candidate) to accept
25 any contribution from an individual in excess of \$250 to

1 the extent that the acceptance of such contribution will
2 cause the aggregate amount of contributions from individ-
3 uals in excess of \$250 received by the candidate and the
4 candidate's authorized committees to exceed an amount
5 equal to 25 percent of the election cycle spending limits
6 set forth in section 502(b), as may be modified by section
7 502(c), (e), or (f), regardless of whether the candidate is
8 an eligible House of Representatives candidate.

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

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

18 “(vi) will not accept any contributions
19 from an individual in excess of \$250 to the
20 extent that the acceptance of such con-
21 tribution will cause the aggregate amount
22 of contributions from individuals in excess
23 of \$250 received by the candidate and the
24 candidate's authorized committees to ex-
25 ceed an amount equal to 25 percent of the

CLINTON LIBRARY PHOTOCOPY

1 election cycle spending limits set forth in
2 section 502(b), as may be modified by sec-
3 tion 502(c), (e), or (f): *Provided, however,*
4 That this clause shall not apply to an eligi-
5 ble House of Representatives candidate if
6 such candidate is entitled to the contribu-
7 tion limit provided in section 104.”.

8 **SEC. 203. CONTRIBUTIONS BY LOBBYISTS.**

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

12 “(9) Notwithstanding 2 U.S.C. 441a(a)(1)(A),
13 any person required to register under section 308 of
14 the Federal Regulation of Lobbying Act (2 U.S.C.
15 267) or the Foreign Agents Registration Act of
16 1938 (22 U.S.C. 611 et seq.) or any person whose
17 activities are required to be reported pursuant to
18 any successor Federal law which requires reporting
19 on the activities of a person who is a lobbyist or for-
20 eign agent, or any political committee controlled by
21 such person, shall not make contributions to, or so-
22 licit contributions for, any candidate and his author-
23 ized political committees with respect to any election
24 for Federal office which, in the aggregate, exceed
25 \$100.”.

CLINTON LIBRARY PHOTOCOPY

1 **Subtitle B—Provisions Relating to**
2 **Soft Money of Political Parties**

3 **SEC. 211. SOFT MONEY OF POLITICAL PARTIES.**

4 Title III of the Federal Election Campaign Act of
5 1971 (2 U.S.C. 431 et seq.) is amended by adding at the
6 end the following new section:

7 “SOFT MONEY OF POLITICAL PARTIES

8 “SEC. 325. (a) A national committee of a political
9 party, including the national congressional campaign com-
10 mittees of a political party, and any officers or agents of
11 such party committees, shall not solicit or receive any con-
12 tributions, donations, or transfers of funds, or spend any
13 funds, not subject to the limitations, prohibitions, and re-
14 porting requirements of this Act. This subsection shall
15 apply to any entity that is established, financed, main-
16 tained, or controlled by a national committee of a political
17 party, including the national congressional campaign com-
18 mittees of a political party, and any officers or agents of
19 such party committees.

20 “(b)(1) Any amount expended or disbursed by a
21 State, district, or local committee of a political party, dur-
22 ing a calendar year in which a Federal election is held,
23 for any activity which might affect the outcome of a Fed-
24 eral election, including but not limited to any voter reg-
25 istration and get-out-the-vote activity, any generic cam-

1 paign activity, and any communication that identifies a
2 Federal candidate (regardless of whether a State or local
3 candidate is also mentioned or identified) shall be made
4 from funds subject to the limitations, prohibitions and re-
5 porting requirements of this Act.

6 “(2) Paragraph (1) shall not apply to expenditures
7 or disbursements made by a State, district or local com-
8 mittee of a political party for—

9 “(A) a contribution to a candidate other than
10 for Federal office, provided that such contribution is
11 not designated or otherwise earmarked to pay for ac-
12 tivities described in paragraph (1);

13 “(B) the costs of a State or district/local politi-
14 cal convention;

15 “(C) the non-Federal share of a State, district
16 or local party committee’s administrative and over-
17 head expenses (but not including the compensation
18 in any month of any individual who spends more
19 than 20 percent of his or her time on activity during
20 such month which may affect the outcome of a Fed-
21 eral election). For purposes of this provision, the
22 non-Federal share of a party committee’s adminis-
23 trative and overhead expenses shall be determined by
24 applying the ratio of the non-Federal disbursements
25 to the total Federal expenditures and non-Federal

1 disbursements made by the committee during the
2 previous presidential election year to the committee's
3 administrative and overhead expenses in the election
4 year in question;

5 “(D) the costs of grassroots campaign mate-
6 rials, including buttons, bumper stickers, and yard
7 signs, which materials solely name or depict a State
8 or local candidate; or

9 “(E) the cost of any campaign activity con-
10 ducted solely on behalf of a clearly identified State
11 or local candidate, provided that such activity is not
12 a get out the vote activity or any other activity cov-
13 ered by paragraph (1).

14 “(3) Any amount spent by a national, State, district
15 or local committee or entity of a political party to raise
16 funds that are used, in whole or in part, to pay the costs
17 of any activity covered by paragraph (1) shall be made
18 from funds subject to the limitations, prohibitions, and re-
19 porting requirements of this Act. This paragraph shall
20 apply to any entity that is established, financed, main-
21 tained, or controlled by a State, district or local committee
22 of a political party or any agent or officer of such party
23 committee in the same manner as it applies to that com-
24 mittee.

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

6 “(d)(1) No candidate for Federal office, individual
7 holding Federal office, or any agent of such candidate or
8 officeholder, may solicit or receive (A) any funds in con-
9 nection with any Federal election unless such funds are
10 subject to the limitations, prohibitions and reporting re-
11 quirements of this Act; (B) any funds that are to be ex-
12 pended in connection with any election for other than a
13 Federal election unless such funds are not in excess of
14 the amounts permitted with respect to contributions to
15 Federal candidates and political committees under section
16 315(a)(1) and (2), and are not from sources prohibited
17 from making contributions by this Act with respect to elec-
18 tion for Federal office. This paragraph shall not apply to
19 the solicitation or receipt of funds by an individual who
20 is a candidate for a non-Federal office if such activity is
21 permitted under State law for such individual’s non-Fed-
22 eral campaign committee.

23 “(2)(A) No candidate for Federal office or individual
24 holding Federal office may directly or indirectly establish,
25 maintain, finance or control any organization described in

1 section 501(c) of the Internal Revenue Code of 1986 if
2 such organization raises funds from the public.

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

8 “(C) For purposes of this paragraph, an individual
9 shall be treated as holding Federal office if such individ-
10 ual—

11 “(i) holds a Federal office; or

12 “(ii) holds a position described in level I of the
13 Executive Schedule under 5312 of title 5, United
14 States Code.”.

15 **SEC. 212. REPORTING REQUIREMENTS.**

16 (a) REPORTING REQUIREMENTS.—Section 304 of the
17 Federal Election Campaign Act of 1971 (2 U.S.C. 434)
18 is amended by adding at the end the following new sub-
19 section:

20 “(d) POLITICAL COMMITTEES.—(1) A political com-
21 mittee other than a national committee of a political party,
22 any congressional campaign committee of a political party,
23 and any subordinate committee of either, to which section
24 325(b)(1) applies shall report all receipts and disburse-
25 ments.

1 “(2) Any political committee other than the commit-
2 tees of a political party shall report any receipts or dis-
3 bursements that are used in connection with a Federal
4 election.

5 “(3) If a political committee has receipts or disburse-
6 ments to which this subsection applies from any person
7 aggregating in excess of \$200 for any calendar year, the
8 political committee shall separately itemize its reporting
9 for such person in the same manner as required in sub-
10 section (b)(3)(A), (5), or (6).

11 “(4) Reports required to be filed under this sub-
12 section shall be filed for the same time periods required
13 for political committees under subsection (a).”.

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

18 “(e) FILING OF STATE REPORTS.—In lieu of any re-
19 port required to be filed by this Act, the Commission may
20 allow a State committee of a political party to file with
21 the Commission a report required to be filed under State
22 law if the Commission determines such reports contain
23 substantially the same information.”.

24 (c) OTHER REPORTING REQUIREMENTS.—

CLINTON LIBRARY PHOTOCOPY

1 (1) AUTHORIZED COMMITTEES.—Section
 2 304(b)(4) of the Federal Election Campaign Act of
 3 1971 (2 U.S.C. 434(b)(4)) is amended—

4 (A) by striking “and” at the end of sub-
 5 paragraph (H);

6 (B) by inserting “and” at the end of sub-
 7 paragraph (I); and

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

10 “(J) in the case of an authorized commit-
 11 tee, disbursements for the primary election, the
 12 general election, and any other election in which
 13 the candidate participates;”.

14 (2) NAMES AND ADDRESSES.—Section
 15 304(b)(5)(A) of the Federal Election Campaign Act
 16 of 1971 (2 U.S.C. 434(b)(5)(A)) is amended—

17 (A) by striking “within the calendar year”;

18 and

19 (B) by inserting “, and the election to
 20 which the operating expenditure relates” after
 21 “operating expenditure”.

22 **SEC. 213. BUILDING FUND EXCEPTION TO THE DEFINITION**
 23 **OF THE TERM “CONTRIBUTION”.**

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

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

4 **Subtitle C—Soft Money of Persons**
 5 **Other Than Political Parties**

6 **SEC. 221. SOFT MONEY OF PERSONS OTHER THAN POLITI-**
 7 **CAL PARTIES.**

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

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

17 “(I) within 48 hours after the disbursements
 18 (or obligations) are made; or

19 “(II) in the case of disbursements (or obliga-
 20 tions) that are required to be made within 20 days
 21 of the election, within 24 hours after such disburse-
 22 ment (or obligations) are made.

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

1 “(B) This paragraph shall not apply to—

2 “(i) a candidate or a candidate’s authorized
3 committees; or

4 “(ii) an independent expenditure (as defined in
5 section 301(17)).

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

11 **Subtitle D—Contributions**

12 **SEC. 231. CONTRIBUTIONS THROUGH INTERMEDIARIES** 13 **AND CONDUITS.**

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

17 “(8) For the purposes of this subsection:

18 “(A) Contributions made by a person, ei-
19 ther directly or indirectly, to or on behalf of a
20 particular candidate, including contributions
21 that are in any way earmarked or otherwise di-
22 rected through an intermediary or conduit to a
23 candidate, shall be treated as contributions
24 from the person to the candidate. If a contribu-
25 tion is made to a candidate through an

1 intermediary or conduit, the intermediary or
2 conduit shall report the original source and the
3 intended recipient of the contribution to the
4 Commission and the intended recipient.

5 “(B) Contributions made directly or indi-
6 rectly by a person to or on behalf of a particu-
7 lar candidate through an intermediary or con-
8 duit, including contributions arranged to be
9 made by an intermediary or conduit, shall be
10 treated as contributions from the intermediary
11 or conduit to the candidate if—

12 “(i) the contributions made through
13 the intermediary or conduit are in the form
14 of a check or other negotiable instrument
15 made payable to the intermediary or con-
16 duit rather than the intended recipient; or

17 “(ii) the intermediary or conduit is—

18 “(I) a political committee, a po-
19 litical party, or an officer, employee,
20 or agent of either;

21 “(II) a person whose activities
22 are required to be reported under sec-
23 tion 308 of the Federal Regulation of
24 Lobbying Act (2 U.S.C. 267), the
25 Foreign Agents Registration Act of

CLINTON LIBRARY PHOTOCOPY

1 1938 (22 U.S.C. 611 et seq.), or a
2 person whose activities are required to
3 be reported pursuant to any successor
4 Federal law which requires reporting
5 on the activities of person who is a
6 lobbyist or foreign agent;

7 “(III) a person who is prohibited
8 from making contributions under sec-
9 tion 316 or a partnership; or

10 “(IV) an officer, employee, or
11 agent of a person described in
12 subclause (II) or (III) acting on be-
13 half of such person.

14 “(C) The term ‘contributions arranged to
15 be made’ includes—

16 “(i)(I) contributions delivered directly
17 or indirectly to a particular candidate or
18 the candidate’s authorized committee or
19 agent by the person who facilitated the
20 contribution; and

21 “(II) contributions made directly or
22 indirectly to a particular candidate or the
23 candidate’s authorized committee or agent
24 that are provided at an event sponsored by

1 an intermediary or conduit described in
2 subparagraph (B).

3 “(ii) The term ‘acting on behalf of
4 such person’ includes the following activi-
5 ties by an officer, employee, or agent of a
6 person described in subparagraph (B)(ii)
7 (II) or (III):

8 “(I) Soliciting the making of a
9 contribution to a particular candidate
10 in the name of such a person;

11 “(II) Soliciting the making of a
12 contribution to a particular candidate
13 using other than incidental resources
14 of such a person; and

15 “(III) Soliciting contributions for
16 a particular candidate by directing a
17 significant portion of the solicitations
18 to other officers, employees, or agents
19 of such a person.

20 “(D) This subsection shall not prohibit—

21 “(i) fundraising efforts for the benefit
22 of a candidate that are conducted by an-
23 other candidate or Federal officeholder; or

24 “(ii) the solicitation by an individual
25 using the individual’s resources and acting

1 in the individual's own name of contribu-
2 tions from other persons in a manner not
3 described in subparagraphs (B) and (C).”.

4 **Subtitle E—Additional Prohibitions** 5 **on Contributions**

6 **SEC. 241. ALLOWABLE CONTRIBUTIONS FOR CANDIDATES.**

7 (a) IN STATE REQUIREMENT.—Title III of the Fed-
8 eral Election Campaign Act of 1971 (2 U.S.C. 431, et
9 seq.) is amended by adding at the end the following new
10 section:

11 “SEC. 326. With regard to any candidate for election
12 for the office of Representative in, or Delegate or Resident
13 Commissioner to, the Congress, by the end of the election
14 cycle not less than 60 percent of the total dollar amount
15 of all contributions from individuals to a candidate or a
16 candidate's authorized committees, not including any ex-
17 penditures, contributions or loans made by the candidate,
18 shall come from individuals legally residing in the can-
19 didate's State.”.

20 (b) RULES APPLICABLE WHEN IN STATE REQUIRE-
21 MENT NOT IN EFFECT.—For purposes of the Federal
22 Election Campaign Act of 1971, during any period begin-
23 ning after the effective date on which the requirement of
24 section 326 of the Act (as added by subsection (a)) is not

1 in effect, a new clause (v) shall be inserted in section
2 501(b)(1) as follows:

3 “(v) will comply with the requirement
4 that, by the end of the election cycle, not
5 less than 60 percent of the total dollar
6 amount of all contributions from individ-
7 uals to a candidate or a candidate’s au-
8 thorized committees, including any expend-
9 itures, contributions, or loans made by a
10 candidate shall come from individuals le-
11 gally residing in the candidate’s State.”.

12 **Subtitle F—Independent** 13 **Expenditures**

14 **SEC. 251. PROVISIONS RELATING TO INDEPENDENT EX-** 15 **PENDITURES.**

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

21 “(17)(A) The term ‘independent expenditure’ means
22 an expenditure that—

23 “(i) contains express advocacy; and

1 “(ii) is made without the participation or co-
2 operation of, or without the consultation of, a can-
3 didate or a candidate’s representative.

4 “(B) The following shall not be considered an inde-
5 pendent expenditure:

6 “(i) An expenditure made by—

7 “(I) an authorized committee of a can-
8 didate for Federal office, or

9 “(II) a political committee of a political
10 party.

11 “(ii) An expenditure if there is any arrange-
12 ment, coordination, or direction with respect to the
13 expenditure between the candidate or the candidate’s
14 agent and the person making the expenditure.

15 “(iii) An expenditure if, in the same election
16 cycle, the person making the expenditure is or has
17 been—

18 “(I) authorized to raise or expend funds on
19 behalf of the candidate or the candidate’s au-
20 thorized committees; or

21 “(II) serving as a member, employee, or
22 agent of the candidate’s authorized committees
23 in an executive or policymaking position.

24 “(iv) An expenditure if the person making the
25 expenditure has advised or counseled the candidate

1 or the candidate's agents at any time on the can-
2 didate's plans, projects, or needs relating to the can-
3 didate's pursuit of nomination for election, or elec-
4 tion, to Federal office, in the same election cycle, in-
5 cluding any advice relating to the candidate's deci-
6 sion to seek Federal office.

7 “(v) An expenditure if the person making the
8 expenditure retains the professional services of any
9 individual or other person also providing services in
10 the same election cycle to the candidate in connec-
11 tion with the candidate's pursuit of nomination for
12 election, or election, to Federal office, including any
13 services relating to the candidate's decision to seek
14 Federal office. For purposes of this clause, the term
15 ‘professional services’ shall include any services
16 (other than legal and accounting services solely for
17 purposes of ensuring compliance with any Federal
18 law) in support of any candidate's or candidates'
19 pursuit of nomination for election, or election, to
20 Federal office.

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

24 “(18)(A) The term ‘express advocacy’ means, when
25 a communication is taken as a whole and with limited ref-

1 erence to external events, an expression of support for or
2 opposition to a specific candidate, to a specific group of
3 candidates, or to candidates of a particular political party.

4 “(B) The term ‘expression of support for or opposi-
5 tion to’ includes a suggestion to take action with respect
6 to an election, such as to vote for or against, make con-
7 tributions to, or participate in campaign activity, or to re-
8 frain from taking action.”.

9 (b) CONTRIBUTION DEFINITION AMENDMENT.—Sec-
10 tion 301(8)(A) of the Federal Election Campaign Act of
11 1971 (2 U.S.C. 431(8)(A)) is amended—

12 (1) in clause (i), by striking out “or” after the
13 semicolon at the end;

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

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

18 “(iii) any payment or other transaction referred
19 to in paragraph (17)(A)(i) that is not an independ-
20 ent expenditure under paragraph (17).”.

21 **SEC. 252. REPORTING REQUIREMENTS FOR CERTAIN INDE-**
22 **PENDENT EXPENDITURES.**

23 Section 304(e) of the Federal Election Campaign Act
24 of 1971 (2 U.S.C. 434(e)) is amended—

1 (1) in paragraph (2), by striking the undesig-
2 nated matter after subparagraph (C);

3 (2) by redesignating paragraph (3) as para-
4 graph (7); and

5 (3) by inserting after paragraph (2), as amend-
6 ed by paragraph (1), the following new paragraphs:

7 “(3)(A) Any person (including a political com-
8 mittee) making independent expenditures as defined
9 in section 301(17) and (18) with respect to a can-
10 didate in an election aggregating \$1,000 or more
11 made after the 20th day, but more than 24 hours,
12 before the election shall file a report within 24 hours
13 after such independent expenditures are made. An
14 additional report shall be filed each time independ-
15 ent expenditures aggregating \$1,000 are made with
16 respect to the same candidate after the latest report
17 filed under this subparagraph.

18 “(B) Any person (including a political commit-
19 tee) making independent expenditures with respect
20 to a candidate in an election aggregating \$10,000 or
21 more made at any time up to and including the 20th
22 day before the election shall file a report within 48
23 hours after such independent expenditures are made.
24 An additional report shall be filed each time inde-
25 pendent expenditures aggregating \$10,000 are made

1 with respect to the same candidate after the latest
2 report filed under this paragraph.

3 “(C) A report under subparagraph (A) or (B)
4 shall be filed with the Commission and shall identify
5 each candidate whom the expenditure is actually in-
6 tended to support or to oppose. Not later than 2
7 business days after the Commission receives a re-
8 port, the Commission shall transmit a copy of the
9 report to each candidate seeking nomination or elec-
10 tion to that office.

11 “(D) For purposes of this section, an independ-
12 ent expenditure shall be considered to have been
13 made upon the making of any payment or the taking
14 of any action to incur an obligation for payment.

15 “(4) The Commission may, upon a request of a
16 candidate or on its own initiative, make its own de-
17 termination that a person, including a political com-
18 mittee, has made, or has incurred obligations to
19 make, independent expenditures with respect to any
20 candidate in any election which in the aggregate ex-
21 ceed the applicable amounts under paragraph (3).
22 The Commission shall notify each candidate in such
23 election of such determination made within 2 busi-
24 ness days after making it. Any determination made

CLINTON LIBRARY PHOTOCOPY

1 at the request of a candidate shall be made within
2 48 hours of the request.

3 “(5) In the event that independent expenditures
4 totaling in the aggregate \$25,000 have been made in
5 the same election in favor of another candidate or
6 against an eligible House of Representatives can-
7 didate, the Commission shall, within 2 business
8 days, notify the eligible candidate that such can-
9 didate is entitled under section 502(g) to raise addi-
10 tional contributions equaling the amount of such
11 independent expenditures. At such time as the ag-
12 gregate amount the independent expenditures re-
13 ferred to in the preceding sentence, combined with
14 the expenditures of all other candidates in such elec-
15 tion equals 100 percent of the election cycle limit set
16 forth in section 502(b), the Commission shall, within
17 2 business days, notify the eligible candidate that
18 such candidate is entitled under section 502(g) to
19 make the expenditures provided for in section
20 502(g).

21 “(6)(A) A person who reserves broadcast time
22 the payment for which would constitute an inde-
23 pendent expenditure within the meaning of section
24 301(17) of this Act (2 U.S.C. 431(17), shall at the
25 time of the reservation—

CLINTON LIBRARY PHOTOCOPY

1 “(i) inform the broadcast licensee that pay-
2 ment for the broadcast time will constitute an
3 independent expenditure;

4 “(ii) inform the broadcast licensee of the
5 names of all candidates for the office to which
6 the proposed broadcast relates and state wheth-
7 er the message to be broadcast is intended to
8 be made in support of or in opposition to each
9 such candidate; and

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

12 “(B) For purposes of this paragraph, the term
13 ‘broadcast’ includes any cablecast.

14 “(C) A licensee who is informed as described in
15 subparagraph (A) shall—

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

19 “(ii) allow any such candidate (other than
20 a candidate for whose benefit the independent
21 expenditure is made) to purchase the same
22 amount of broadcast time immediately after the
23 broadcast time paid for by the independent ex-
24 penditure, at the cost specified in section

1 utility payment, clothing purchase, noncampaign
2 automobile expense, country club membership, vaca-
3 tion, or trip of a noncampaign nature, household
4 food items, tuition payments, admission to a sport-
5 ing event, concert, theater, or other form of enter-
6 tainment not associated with a campaign, dues, fees,
7 or contributions to a health club or recreational fa-
8 cility, and any other inherently personal living ex-
9 pense as determined under the regulations promul-
10 gated pursuant to section 301(b) of the Bipartisan
11 Clean Congress Act of 1995.”.

12 (b) REGULATIONS.—Not later than 90 days after the
13 date of enactment of this Act, the Federal Election Com-
14 mission shall promulgate regulations consistent with this
15 Act to implement subsection (a). Such regulations shall
16 apply to all contributions possessed by an individual on
17 the date of enactment of this Act.

18 **SEC. 302. CAMPAIGN ADVERTISING AMENDMENTS.**

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

21 (1) in subsection (a)—

22 (A) in the matter preceding paragraph

23 (1)—

24 (i) by striking “Whenever” and insert-
25 ing “Whenever a political committee makes

1 a disbursement for the purpose of financ-
2 ing any communication through any broad-
3 casting station, newspaper, magazine, out-
4 door advertising facility, mailing, phone
5 bank or any other type of general public
6 political advertising, or whenever”;

7 (ii) by striking “an expenditure” and
8 inserting “a disbursement”; and

9 (iii) by striking “direct”; and

10 (B) in paragraph (3), by inserting “and
11 permanent street address” after “name”; and

12 (2) by adding at the end the following new sub-
13 sections:

14 “(c) Any printed communication described in sub-
15 section (a) shall be—

16 “(1) of sufficient type size to be clearly read-
17 able by the recipient of the communication;

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

20 “(3) consist of a reasonable degree of color con-
21 trast between the background and the printed state-
22 ment.

23 “(d)(1) Any broadcast or cablecast communication
24 described in subsection (a)(1) or subsection (a)(2) shall
25 include, in addition to the requirements of those sub-

1 sections, an audio statement by the candidate that identi-
2 fies the candidate and states that the candidate is respon-
3 sible for the content of the advertisement.

4 “(2) If a broadcast or cablecast communication de-
5 scribed in paragraph (1) is broadcast or cablecast by
6 means of television, the communication shall include, in
7 addition to the audio statement under paragraph (1), a
8 written statement which—

9 “(A) appears at the end of the communication
10 in a clearly readable manner with a reasonable de-
11 gree of color contrast between the background and
12 the printed statement, for a period of at least 4 sec-
13 onds; and

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

16 “(e) Any broadcast or cablecast communication de-
17 scribed in subsection (a)(3) shall include, in addition to
18 the requirements of those subsections, in a clearly spoken
19 manner, the following statement: ‘ _____ is
20 responsible for the content of this advertisement.’ (with
21 the blank to be filled in with the name of the political
22 committee or other person paying for the communication
23 and the name of any connected organization of the payor).
24 If broadcast or cablecast by means of television, the state-
25 ment shall also appear in a clearly readable manner with

1 a reasonable degree of color contrast between the back-
2 ground and the printed statement, for a period of at least
3 4 seconds.”.

4 **SEC. 303. FILING OF REPORTS USING COMPUTERS AND**
5 **FACSIMILE MACHINES.**

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

9 “(6)(A) The Commission, in consultation with
10 the Secretary of the Senate and the Clerk of the
11 House of Representatives, may prescribe regulations
12 under which persons required to file designations,
13 statements, and reports under this Act—

14 “(i) are required to maintain and file them
15 for any calendar year in electronic form acces-
16 sible by computers if the person has, or has
17 reason to expect to have, aggregate contribu-
18 tions or expenditures in excess of a threshold
19 amount determined by the Commission; and

20 “(ii) may maintain and file them in that
21 manner if not required to do so under regula-
22 tions prescribed under clause (i).

23 “(B) The Commission, in consultation with the
24 Secretary of the Senate and the Clerk of the House
25 of Representatives, shall prescribe regulations which

1 allow persons to file designations, statements, and
2 reports required by this Act through the use of fac-
3 simile machines.

4 “(C) In prescribing regulations under this para-
5 graph, the Commission shall provide methods (other
6 than requiring a signature on the document being
7 filed) for verifying designations, statements, and re-
8 ports covered by the regulations. Any document veri-
9 fied under any of the methods shall be treated for
10 all purposes (including penalties for perjury) in the
11 same manner as a document verified by signature.

12 “(D) The Secretary of the Senate and the Clerk
13 of the House of Representatives shall ensure that
14 any computer or other system that they may develop
15 and maintain to receive designations, statements,
16 and reports in the forms required or permitted
17 under this paragraph is compatible with any such
18 system that the Commission may develop and main-
19 tain.”

20 **SEC. 304. AUDITS.**

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

24 (1) by inserting “(1)” before “The Commis-
25 sion”; and

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

3 “(2) Notwithstanding paragraph (1), the Com-
4 mission may conduct random audits and investiga-
5 tions to ensure voluntary compliance with this Act.
6 The subjects of such audits and investigations shall
7 be selected on the basis of criteria established by
8 vote of at least 4 members of the Commission to en-
9 sure impartiality in the selection process. This para-
10 graph does not apply to an authorized committee of
11 a candidate for President or Vice President subject
12 to audit under chapter 95 or 96 of the Internal Rev-
13 enue Code of 1986.”

14 (b) EXTENSION OF PERIOD DURING WHICH CAM-
15 PAIGN AUDITS MAY BE BEGUN.—Section 311(b) of the
16 Federal Election Campaign Act of 1971 (2 U.S.C. 438(b))
17 is amended by striking out “6 months” and inserting in
18 lieu thereof “12 months”.

19 **SEC. 305. CHANGE IN CERTAIN REPORTING FROM A CAL-**
20 **ENDAR YEAR BASIS TO AN ELECTION CYCLE**
21 **BASIS.**

22 Paragraphs (2), (3), (4), (6), and (7) of section
23 304(b) of the Federal Election Campaign Act of 1971 (2
24 U.S.C. 434(b)(2)–(7)) are amended by inserting “(election
25 cycle, in the case of an authorized committee of a can-

1 didate for Federal office)” after “calendar year” each
2 place it appears.

3 **SEC. 306. DISCLOSURE OF PERSONAL AND CONSULTING**
4 **SERVICES.**

5 (a) **REPORTING BY POLITICAL COMMITTEES.**—Sec-
6 tion 304(b)(5)(A) of the Federal Election Campaign Act
7 of 1971 (2 U.S.C. 434(b)(5)(A)) is amended by adding
8 before the semicolon at the end the following: “, except
9 that if a person to whom an expenditure is made by a
10 candidate or the candidate’s authorized committees is
11 merely providing personal or consulting services and is in
12 turn making expenditures to other persons (not including
13 its owners or employees) who provide goods or services to
14 the candidate or the candidate’s authorized committees,
15 the name and address of such other person, together with
16 the date, amount, and purpose of such expenditure shall
17 also be disclosed”.

18 (b) **RECORDKEEPING AND REPORTING BY PERSONS**
19 **TO WHOM EXPENDITURES ARE PASSED THROUGH.**—Sec-
20 tion 302 of the Federal Election Campaign Act of 1971
21 (2 U.S.C. 432) is amended by adding at the end the fol-
22 lowing new subsection:

23 “(j) The person described in section 304(b)(5)(A)
24 who is providing personal or consulting services and who
25 is in turn making expenditures to other persons (not in-

1 cluding employees) for goods or services provided to a can-
2 didate shall maintain records of and shall provide to a po-
3 litical committee the information necessary to enable the
4 political committee to report the information described in
5 section 304(b)(5)(A).”.

6 **SEC. 307. USE OF CANDIDATES' NAMES.**

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

10 “(4)(A) The name of each authorized commit-
11 tee shall include the name of the candidate who au-
12 thorized the committee under paragraph (1).

13 “(B) a political committee that is not an au-
14 thorized committee shall not—

15 “(i) include the name of any candidate in
16 its name, or

17 “(ii) except in the case of a national,
18 State, or local party committee, use the name
19 of any candidate in any activity on behalf of
20 such committee in such a context as to suggest
21 that the committee is an authorized committee
22 of the candidate or that the use of the can-
23 didate’s name has been authorized by the can-
24 didate.”.

1 **SEC. 308. REPORTING REQUIREMENTS.**

2 (a) **OPTION TO FILE MONTHLY REPORTS.**—Section
3 304(a)(2) of the Federal Election Campaign Act of 1971
4 (2 U.S.C. 434(a)(2)) is amended—

5 (1) in subparagraph (A) by striking “and” at
6 the end;

7 (2) in subparagraph (B) by striking the period
8 at the end and inserting “; and”; and

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

11 “(C) in lieu of the reports required by sub-
12 paragraphs (A) and (B), the treasurer may file
13 monthly reports in all calendar years, which
14 shall be filed no later than the 20th day after
15 the last day of the month and shall be complete
16 as of the last day of the month, except that, in
17 lieu of filing the reports otherwise due in No-
18 vember and December of any year in which a
19 regularly scheduled general election is held, a
20 pre-primary election report and a pre-general
21 election report shall be filed in accordance with
22 subparagraph (A)(i), a post-general election re-
23 port shall be filed in accordance with subpara-
24 graph (A)(ii), and a year end report shall be
25 filed no later than January 31 of the following
26 calendar year.”.

CLINTON LIBRARY PHOTOCOPY

1 (b) POLITICAL COMMITTEES.—Section 304(a)(4) of
2 the Federal Election Campaign Act of 1971 (2 U.S.C.
3 434(a)(4)) is amended in subparagraph (A)(i) by inserting
4 “, and except that if at any time during the election year
5 a committee receives contributions in excess of \$100,000
6 or makes disbursements in excess of \$100,000, monthly
7 reports on the 20th day of each month after the month
8 in which that amount of contributions is first received or
9 that amount of disbursements is first anticipated to be
10 made during that year” before the semicolon.

11 (c) INCOMPLETE OR FALSE CONTRIBUTOR INFORMA-
12 TION.—Section 302(i) of the Federal Election Campaign
13 Act of 1971 (2 U.S.C. 432(i)) is amended—

14 (1) by inserting “(1)” after “(i)”;

15 (2) by striking “submit” and inserting “re-
16 port”; and

17 (3) by adding at the end the following new
18 paragraph:

19 “(2) A treasurer shall be considered to have
20 used best efforts under this section only if—

21 “(A) all written solicitations include a clear
22 and conspicuous request for the contributor’s
23 identification and inform the contributor of the
24 committee’s obligation to report the identifica-

1 tion in a statement prescribed by the Commis-
2 sion;

3 “(B) the treasurer makes at least 1 addi-
4 tional request for the contributor’s identifica-
5 tion for each contribution received that aggreg-
6 gates in excess of \$200 per calendar year and
7 which does not contain all of the information
8 required by this Act; and

9 “(C) the treasurer reports all information
10 in the committee’s possession regarding contrib-
11 utor identifications.”.

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

15 “(g) WAIVER.—The Commission may relieve any cat-
16 egory of political committees of the obligation to file 1 or
17 more reports required by this section, or may change the
18 due dates of such reports, if it determines that such action
19 is consistent with the purposes of this Act. The Commis-
20 sion may waive requirements to file reports in accordance
21 with this subsection through a rule of general applicability
22 or, in a specific case, may waive or extend the due date
23 of a report by notifying all political committees affected.”.

1 **SEC. 309. SIMULTANEOUS REGISTRATION OF CANDIDATE**
2 **AND CANDIDATE'S PRINCIPAL CAMPAIGN**
3 **COMMITTEE.**

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

8 **SEC. 310. INDEPENDENT LITIGATION AUTHORITY.**

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

12 "(4)(A) Notwithstanding the provisions of para-
13 graph (2), or of any other provision of law, the Com-
14 mission is authorized to appear on its own behalf in
15 any action related to the exercise of its statutory du-
16 ties or powers in any court as either a party or as
17 amicus curiae, either—

18 "(i) by attorneys employed in its office, or
19 "(ii) by counsel whom it may appoint, on
20 a temporary basis as may be necessary for such
21 purpose, without regard to the provisions of
22 title 5, United States Code, governing appoint-
23 ments in the competitive service, and whose
24 compensation it may fix without regard to the
25 provisions of chapter 51 and subchapter III of
26 chapter 53 of such title. The compensation of

1 counsel so appointed on a temporary basis shall
2 be paid out of any funds otherwise available to
3 pay the compensation of employees of the Com-
4 mission.

5 “(B) The authority granted under subpara-
6 graph (A) includes the power to appeal from, and
7 petition the Supreme Court for certiorari to review,
8 judgments or decrees entered with respect to actions
9 in which the Commission appears pursuant to the
10 authority provided in this section.”.

11 **SEC. 311. INSOLVENT POLITICAL COMMITTEES.**

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

15 “(3) Proceedings by the Commission under
16 paragraph (2) constitute the sole means, to the ex-
17 clusion of proceeding under title 11, United States
18 Code, by which a political committee that is deter-
19 mined by the Commission to be insolvent may com-
20 promise its debts, liquidate its assets, and terminate
21 its existence.”.

CLINTON LIBRARY PHOTOCOPY

1 **SEC. 312. REGULATIONS RELATING TO USE OF NON-FED-**
2 **ERAL MONEY.**

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

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

11 **SEC. 313. TERM LIMITS FOR FEDERAL ELECTION COMMIS-**
12 **SION.**

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

17 **SEC. 314. AUTHORITY TO SEEK INJUNCTION.**

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

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

22 “(13)(A) If, at any time in a proceeding de-
23 scribed in paragraph (1), (2), (3), or (4), the Com-
24 mission believes that—

1 “(i) there is a substantial likelihood that a
2 violation of this Act is occurring or is about to
3 occur;

4 “(ii) the failure to act expeditiously will re-
5 sult in irreparable harm to a party affected by
6 the potential violation;

7 “(iii) expeditious action will not cause
8 undue harm or prejudice to the interests of oth-
9 ers; and

10 “(iv) the public interest would be best
11 served by the issuance of an injunction, the
12 Commission may initiate a civil action for a
13 temporary restraining order or a temporary in-
14 junction pending the outcome of the proceed-
15 ings described in paragraphs (1), (2), (3), and
16 (4).

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

22 (2) in paragraph (7), by striking “(5) or (6)”
23 and inserting “(5), (6), or (13)”;

24 (3) in paragraph (11), by striking “(6)” and in-
25 serting “(6) or (13)”.

CLINTON LIBRARY PHOTOCOPY

1 **SEC. 315. EXPEDITED PROCEDURES.**

2 Section 309(a) of Federal Election Campaign Act of
3 1971 (2 U.S.C. 437g(a)) is amended by adding at the end
4 the following new paragraph:

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

9 “(B) If the Commission determines, on the
10 basis of facts alleged in the complaint and other
11 facts available to it, that there is clear and convinc-
12 ing evidence that a violation of this Act has oc-
13 curred, is occurring, or is about to occur and it ap-
14 pears that the requirements for relief stated in para-
15 graph (13)(A) (ii), (iii), and (iv) are met, the Com-
16 mission may—

17 “(i) order expedited proceedings, shorten-
18 ing the time periods for proceedings under
19 paragraphs (1), (2), (3), and (4) as necessary
20 to allow the matter to be resolved in sufficient
21 time before the election to avoid harm or preju-
22 dice to the interests of the parties; or

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

CLINTON LIBRARY PHOTOCOPY

1 “(C) If the Commission determines, on the
2 basis of facts alleged in the complaint and other
3 facts available to it, that the complaint is clearly
4 without merit, the Commission may—

5 “(i) order expedited proceedings, shorten-
6 ing the time periods for proceedings under
7 paragraphs (1), (2), (3), and (4) as necessary
8 to allow the matter to be resolved in sufficient
9 time before the election to avoid harm or preju-
10 dice to the interests of the parties; or

11 “(ii) if the Commission determines that
12 there is insufficient time to conduct proceedings
13 before the election, summarily dismiss the com-
14 plaint.”.

15 **SEC. 316. OFFICIAL MASS MAILING ALLOWANCE.**

16 Section 311(f) of the Legislative Branch Appropria-
17 tions Act, 1991 (2 U.S.C. 59e(f)) is amended to read as
18 follows:

19 “(f)(1) There is established in the House of Rep-
20 resentatives an Official Mass Mailing Allowance for Mem-
21 bers of the House of Representatives.

22 “(2) The Official Mass Mailing Allowance of a Mem-
23 ber of the House of Representatives—

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

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

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

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

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

17 “(5)(A) Otherwise applicable provisions of law relat-
18 ing to mass mailings sent by a Member of (or Member-
19 elect to) the House of Representatives shall continue to
20 govern such mass mailings—

21 “(i) except that—

22 “(I) for purposes of carrying out those
23 other provisions of law, the term ‘mass mailing’
24 shall have the meaning given it under para-
25 graph (8); and

1 “(II) a mass mailing may not be sent if it
2 would be postmarked during any session that
3 begins in an even-numbered calendar year, sub-
4 ject to subparagraph (B); and

5 “(ii) except as otherwise provided in this sub-
6 section.

7 “(B) Nothing in subclause (II) of subparagraph
8 (A)(i) shall be considered to preclude the mailing of any
9 mail matter—

10 “(i) sent after the Tuesday next after the 1st
11 Monday in November of such year, and any mass
12 mailing described in section 3210(a)(6)(B) of title
13 39, United States Code; or

14 “(ii) which relates to an emergency or disaster
15 declared by the President, if—

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

18 “(II) the recipients of the mailing are lo-
19 cated in a congressional district any portion of
20 which is within (or adjacent to) an area in-
21 cluded in the President’s declaration;

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

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

4 “(V) the mailing relates solely to the emer-
5 gency or disaster.

6 “(6) A Member of the House of Representatives
7 shall—

8 “(A) before making any mass mailing, submit a
9 sample of the mail matter involved to the House
10 Commission on Congressional Mailing Standards for
11 an advisory opinion as to whether such proposed
12 mailing is in compliance with applicable provisions of
13 law, rule, or regulation;

14 “(B) before making any mailing of substantially
15 identical mail which totals 250 pieces or less (but
16 more than 50) in the same session, and which in
17 every other respect meets the definition of a mass
18 mailing (determined disregarding the exclusion
19 under subclause (II) of paragraph (8)(A)(i)), submit
20 a sample of the mail matter involved to such Com-
21 mission; and

22 “(C) before making any mailing of substantially
23 identical mail, in the nature of a town meeting no-
24 tice, which totals more than 50 pieces in the same
25 session, and which in every other respect (aside from

1 such nature and number) meets the definition of a
2 mass mailing, submit a sample of the mail matter
3 involved to such Commission.

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

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

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

12 “(B)(i) The House Commission on Congressional
13 Mailing Standards shall by regulation establish procedures
14 under which there shall be made available to the public
15 for review and copying any matter submitted to the Com-
16 mission under paragraph (6). Any copying under the pre-
17 ceding sentence shall be at the expense of the person who
18 requests the copying.

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

22 “(8) For the purpose of this subsection—

23 “(A) the term ‘mass mailing’ means, with re-
24 spect to a session of Congress, any mailing of news-
25 letters or other pieces of mail with substantially

1 identical content (whether such mail is deposited sin-
2 gly or in bulk, or at the same time or different
3 times), totaling more than 250 pieces in that ses-
4 sion, except that such term does not include—

5 “(i)(I) any mailing of matter in direct re-
6 sponse to a communication from a person to
7 whom the matter is mailed; or

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

19 “(ii) any mailing from a Member of Con-
20 gress to other Members of Congress, or to Fed-
21 eral, State, or local government officials;

22 “(iii) any mailing of a news release to the
23 communications media; or

24 “(iv) any mailing described in clause (iv)
25 or (v) of section 6(b)(1)(B) of the Legislative

1 Branch Appropriations Act, 1995 (39 U.S.C.
2 3210 note), subject to the same restriction as
3 specified in such clause (iv) with respect to a
4 Member of the Senate;

5 “(B) the term ‘franked mail’ has the meaning
6 given such term by section 3201(4) of title 39,
7 United States Code; and

8 “(C) the term ‘town meeting notice’ means (in-
9 cluding for purposes of subparagraph (A)(iv)) any
10 mailing which—

11 “(i) relates solely to a notice of the time
12 and place at which a Member of the House of
13 Representatives or 1 or more members of the
14 Member’s staff will be available to meet con-
15 stituents regarding legislative issues or prob-
16 lems with Federal programs;

17 “(ii) appears on a mailing 5½” x 8” or
18 smaller;

19 “(iii) includes not more than 3 references
20 to the Member (excluding any reference appear-
21 ing as the frank, consisting of the signature
22 and name at the end of the mailing, or other-
23 wise specified in regulations of the House Com-
24 mission on Congressional Mailing Standards);
25 and

CLINTON LIBRARY PHOTOCOPY

1 “(iv) does not include any picture, sketch,
2 or other likeness of the Member.”.

3 **SEC. 317. PROVISIONS RELATING TO MEMBERS' OFFICIAL**
4 **MAIL ALLOWANCE.**

5 (a) **REDUCTION IN MAXIMUM ALLOCATION.**—Section
6 311(e)(2)(B)(i) of the Legislative Branch Appropriations
7 Act, 1991 (2 U.S.C. 59e(e)(2)(B)(i)) is amended by strik-
8 ing “3” and inserting “0.5”.

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

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

14 “(B) A Member of the House of Representatives may
15 transfer amounts from the Official Mass Mailing Allow-
16 ance of the Member to the Official Mail Allowance of the
17 Member.”.

18 **SEC. 318. INTENT OF CONGRESS.**

19 It is the intent of Congress that any funds realized
20 by section 316 of the Bipartisan Clean Congress Act of
21 1995 shall be designated to pay for the benefits provided
22 in section 103.

23 **SEC. 319. SEVERABILITY.**

24 If any provision of this Act, an amendment made by
25 this Act, or the application of such provision or amend-

1 ment to any other person or circumstance is held to be
2 unconstitutional, the remainder of this Act, the amend-
3 ments made by this Act, and the application of the provi-
4 sions of such to any other person or circumstance shall
5 not be affected thereby.

6 **SEC. 320. EXPEDITED REVIEW OF CONSTITUTIONAL ISSUES.**

7 (a) **DIRECT APPEAL TO SUPREME COURT.**—An ap-
8 peal may be taken directly to the Supreme Court of the
9 United States from any interlocutory order or final judg-
10 ment, decree, or order issued by any court ruling on the
11 constitutionality of any provision of this Act or amend-
12 ment made by this Act.

13 (b) **ACCEPTANCE AND EXPEDITION.**—The Supreme
14 Court shall, if it has not previously ruled on the question
15 addressed in the ruling below, accept jurisdiction over, ad-
16 vance on the docket, and expedite the appeal to the great-
17 est extent possible.

18 **SEC. 321. EFFECTIVE DATE.**

19 Except as otherwise provided in this Act, the amend-
20 ments made by, and the provisions of, this Act shall take
21 effect on January 1, 1997.

1 **SEC. 322. REGULATIONS.**

2 The Federal Election Commission shall prescribe any
3 regulations required to carry out this Act not later than
4 9 months after the effective date of this Act.

○

CLINTON LIBRARY PHOTOCOPY
CLINTON LIBRARY PHOTOCOPY