

Date: 11/29/95 Time: 12:14
LWith PM-Lobbying Overhaul

A summary of major provisions in a House- and Senate-passed bill to revamp laws governing registration of lobbyists:

The definition of lobbying would be broadened to include not only direct contacts with policymakers and their aides, but also preparation and research intended to be used to influence policy.

'Lobbyist' also would be defined more tightly, including anyone who spends 20 percent or more of his or her time engaged in paid lobbying.

Lobbyists would be required to register with Congress and disclose who their clients are, the issue areas on which lobbying is being done, and roughly how much is being paid for it.

Clients that spend less than \$5,000 on lobbying in six months or organizations that spend less than \$20,000 in six months are exempted from registering.

Disclosure reports would be filed every six months.

Noncompliance could lead to civil fines up to \$50,000.

Nonprofit groups under IRS section 501(c)(4) that lobby would be barred from directly receiving federal grants.

People who have served as U.S. Trade Representative or deputy are banned for life from lobbying for foreign interests.

An unrelated provision repeals the Ramspect Act, which currently allows judicial and congressional employees enter civil service jobs without meeting certain competitive requirements.

APNP-11-29-95 1212EST

100 Days of Dreams Come True for Lobbyists in Congress

By STEPHEN ENGELBERG

WASHINGTON, April 13 — Washington's corporate and business lobbyists represent a myriad of often clashing interests. But there is striking unanimity about the first 100 days of the new Congress: things, they say, could hardly have gone better.

As members of a coalition called the Thursday Group, lobbyists worked hand in glove with the House Republican leadership to build grass-roots support for the Contract With America, earning chits they hope will prove useful in the months ahead.

The House passed measures that had been on the lobbyists' wish lists for years, lowering business taxes, reining in Government regulators and limiting the scope of civil lawsuits that cost companies billions of dollars each year.

Major Congressional panels, from the Senate Judiciary Committee to the House Transportation and Infrastructure Committee, invited lobbyists to help reshape the environmental laws and Government regulations that constrain businesses large and small.

Their greatly enhanced influence on Capitol Hill had immediate echoes within the Clinton Administration, as the regulatory agencies whose statutes were being rewritten backed away from several hotly contested new rules they were proposing.

"Our members are amazed at how much the House has achieved in terms of dramatically changing policies that are important to manufacturing," said Jerry Jasnowski, president of the National Association of Manufacturers. "Finally, someone is trying to turn the place on its head and move in the direction of radical change."

Mark Isakowitz, a Congressional lobbyist for the National Federation of Independent Business, said the first 100 days of the 104th Congress, a milestone reached today, were "a big triumph for small businesses." Mr. Isakowitz, whose group represents 606,000 small businesses, said he had been able to "work from inside" after years of combating Democratic proposals like the Clinton health care plan after they were introduced. "The Republicans should be proud of giving small business a chance to influence public policy," he said. "That's a badge of honor."

It is by no means clear that the bills whisked through the House in the first 100 days will become law. The Senate has yet to act, and President Clinton signaled last week that he would veto some of the measures, including the bill aimed at changing civil law and product liability lawsuits.

But several lobbyists and Administration officials — who view the developments from opposite points of view — agreed that the 100 days have already wrought fundamental changes in the culture of Washington. Regulatory officials, they say, are now acutely aware that any decision they make today could turn into another regulatory "horror story" tomorrow in Congressional debates.

Just last week, for example, the new Agriculture Secretary, Dan Glickman, said his department would stop designating wetlands on farm property until Congress decided how it wanted to deal with the issue. New rules had been scheduled to take effect this spring. "The Administration is dedicated to regula-

tory relief," Mr. Glickman declared, echoing the floor speeches of countless House and Senate Republicans.

At about the same time, the Environmental Protection Agency announced that it was pulling back a proposed rule that would have subjected power plants and other polluters to much more stringent monitoring of emissions. The utility industry, among others, had vehemently objected to the proposal.

Lobbying, of course, has been a part of the Washington scene for generations, and the Democrats who controlled the House for a generation were receptive to a myriad of interest groups, from the entertainment industry to organized labor. After the Republicans took control of the House and Senate, however, the relationship between lobbyists and legislators moved from discreet help to open collaboration.

Consider the Thursday Group, an amalgam of lobbyists and conservative interest groups assembled to help push the Contract With America through Congress. It meets every Thursday at the Capitol to plot strategy with John A. Boehner, the Ohio Republican who is chairman of the House Republican Conference, and Senator Paul Coverdell, Republican of Georgia.

The Thursday Group's membership amounts to a Who's Who of American industry, from the National Association of Home Builders to the Chamber of Commerce.

The Thursday Group was divided into various committees, each lobbying on separate provisions of the Contract With America, with companies and trade associations contributing money to pay for the phone banks, advertising and other efforts. Members said they have agreed, for

the moment, to put aside their particular interests to promote the House Republicans' contract.

Mr. Boehner insisted the Thursday Group was similar to what Democrats had done in previous years when they assembled coalitions of labor unions, pro-choice groups or environmentalists to support their bills. But he acknowledged that close proximity to corporate and business lobbyists posed dangers, and said he had deliberately divorced himself from the process of drafting the legislation in the contract to avoid ethical tangles.

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Remarkably similar agendas for House leaders and business leaders.

like, and what they say, and the people who are there to promote our agenda," Mr. Boehner said. "That is fine that you have to be very careful with. There needs to be an arm's-length relationship between writing the legislation and promoting the legislation."

The Thursday Group, he said, had been pivotal in marshaling support for two of the bills in the Contract, the tax cuts and restrictions on civil lawsuits. Mr. Boehner said members' primary motivation was ideological.

"The groups at the table by and

large believe in principles that are closely aligned with the Republican Party," he said.

This is not to suggest that members of the Thursday Group have permanently stopped advocating their industries' more parochial concerns. Robert Bannister of the National Association of Home Builders said, for example, that his group would "get off the train" if anyone ever proposed repealing the tax deductions for mortgage interest.

There is some risk in being so closely associated with the Republicans' legislative program: what happens if the Democrats retake the House or Senate in the next election?

"Yes, that has entered my mind more than once," Mr. Bannister said. "But I can defend it. Any one of these positions are explicitly what our members want."

The changing attitudes toward lobbyists can be glimpsed in small vignettes like the recent phone call to the Consumer Products Safety Commission from Margery Waxman, a former deputy general counsel of the United States Treasury. Ms. Waxman is now with the Washington law firm of Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quental.

It all started one Monday afternoon when the consumer agency raised some questions about provisions of a bill before the Senate Judiciary Committee that would require Government regulators to show that the benefits of new rules exceed their cost to society. The bill was introduced by Bob Dole, the Senate majority leader, and is being refined by Senators Orrin G. Hatch, Republican of Utah, and Charles E. Grass-

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The next day, Ms. Waxman called and said she was willing to work out a compromise, according to Bob Wager, the agency's director of Congressional Relations. Asked who she was representing, Ms. Waxman said she would have to call back. A few minutes later, Mr. Wager said, she was on the phone again, announcing that she was speaking for one of Senator Hatch's aides on the Judiciary Committee.

Agency officials were flabbergasted. "They had subcontracted this provision to an outside law firm which clearly brought it to them in the first place," said Mr. Wager. "They said: 'This is your provision. You go fix it.'"

A spokesman for the law firm, Bruce Rubin, would say only that Ms. Waxman was working on behalf of a client, and had acted ethically. He declined to identify the client. Jeanne Lopatto, a Judiciary Committee spokesman, said Ms. Waxman had never been authorized to speak for the panel or to represent it in any way. "We can't control who comes out of a meeting and name drops," she said.

THE NEW YORK TIMES, FRIDAY, APRIL 14, 1995

File: Lobby Reform

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THE NEW YORK TIMES, FRIDAY, APRIL 14, 1995

File:
Lobby:
Reform



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HON. MIKE SYNAR (OK) — Chairman

SCOTT LILLY — Executive Director

FACT SHEET

Lobby Reform

No. 103-28

March 23, 1994

Lobbying Reform & Gift Ban

This DSG Fact Sheet deals with S. 349, Lobbying Disclosure Act, which the House is scheduled to consider Thursday under suspension of the rules.

The measure requires the registration of all those who lobby Members of Congress, congressional staff, and Executive Branch officials. The bill requires lobbyists to file semi-annual reports on what legislation, regulatory actions, grants, projects, etc. they are lobbying, and on the income from clients or the total expenses their organization has incurred for lobbying, including "grassroots" activity.

The measure also generally prohibits registered lobbyists or lobbying firms from providing meals, entertainment, travel, or gifts to Members of Congress or their staff. Under the bill, however, organizations, companies, or unions could pay for travel and related expenses for Members and staff under specified circumstances, with such spending disclosed in semi-annual reports. Meals and entertainment also could be provided to Members and staff by the clients of lobbyists under limited circumstances.

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DSC Contact: Kit Judge

Section I

Background & Summary

The House has taken a number of important and wide-ranging steps over the past few years to implement reforms to protect the integrity of the institution.

In the Ethics Reform Act of 1989 (PL 101-194), which some have called the most sweeping overhaul of House ethics rules and government-wide conflict of interest laws in over a decade, the House banned honoraria payments to Members, limited the value of gifts a House Member could receive, and set new limits on travel expenses. It also repealed the so-called campaign finance "grandfather" clause, which permitted members elected prior to 1980 to convert excess campaign funds to personal use after they retired, and stopped the "revolving door" by prohibiting former Members from lobbying Congress for one year after they leave office.

In 1990, the House enacted (PL 101-520) new limitations on the use of the frank which also required disclosure of the amount of taxpayer funds going to each Member for mass mailings to the district.

The House also adopted in 1992 provisions to improve the management of House operations and ensure strict accountability by requiring that a non-partisan professional manager oversee most of the administrative and financial responsibilities in the House.

Most recently, Congress enacted legislation (PL 103-6) in 1993 that eliminated the cost-of-living adjustment (COLA) for Members of Congress in 1994, and then soon after required that the number of legislative branch employees be cut by 4% by the end of FY 1995 (PL 103-69).

In the 103rd Congress, the House is once again embarked on reform in order to bring the institution more in tune with the American public which elected it. In order to reduce the appearance of undue influence by special interests, the Democratic Leadership has put together a bill to increase disclosure by lobbyists, and to strictly limit gifts, meals, and entertainment for Members of Congress from lobbyists.

Summary

S. 349 requires more people to register as lobbyists and requires more disclosure regarding their lobbying activities. The bill would require all professional lobbyists to register if they lobby Executive Branch officials, legislative branch officials and congressional employees regarding any changes in federal policy, not just legislation. The measure, however, exempts those paid less than \$2,500 to lobby in a six-month period and those who spend less than 10% of their time on lobbying activities for their client or employer.

The bill requires that lobbyists' disclosure reports contain more detail than is currently required, including the issues and bills on which they are lobbying, and estimates of the total lobbying expenses.

In addition to increased lobbying disclosure, the measure also generally prohibits lobbyists or lobbying firms from providing meals, entertainment, travel, or gifts to Members of Congress or their staff.

Under the measure, a lobbyist could not pay for Members' travel and travel-related expenses (including meals, entertainment, and lodging), but the bill permits the clients of lobbyists to do so. If the client pays for Members' travel, however, those expenses and the name of the Member must be disclosed twice a year. Meals and entertainment also could be provided to Members and staff by the clients of lobbyists under limited circumstances, specifically when the client is at the event. Common Cause objects to these two provisions of the bill.

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Section II

Lobbying Disclosure

This section describes the provisions of S. 349, Lobbying Disclosure Act, requiring more people to register as lobbyists, and requiring more disclosure regarding lobbying activities.

Current Law

Under current law, lobbying is regulated under two statutes – the 1946 Federal Regulation of Lobbying Act and the Foreign Agents Registration Act. The 1946 Federal Regulation of Lobbying Act was curtailed by the Supreme Court in 1954 (*U.S. v. Harriss*), when the Court held that only people who lobby Members of Congress regarding legislation are required to register. Current law, therefore, does not require those contacting congressional aides, or the Executive Branch to register as lobbyists.

The Foreign Agents Registration Act requires individuals and organizations who lobby or conduct "propaganda" activities on behalf of the foreign interests to register with the Justice Department and make periodic reports. (This law does not currently apply to U.S. corporations that are wholly owned by foreign governments or companies.) Under the Foreign Agents Registration Act, lawyers who lobby on behalf of foreign clients are generally exempt from registering.

Currently 6,000 individuals or organizations are registered as lobbyists under the Federal Regulation of Lobbying, and 600 lobbyists are registered under the Foreign Agents Registration Act. The General Accounting Office estimated actual number of lobbyists is about three times that amount.

New Registration Requirements

The bill requires all professional lobbyists to register if they lobby Executive Branch officials, legislative branch officials, and congressional employees. (Under current law, only those who lobby Members of Congress must register.) The bill also requires registration of those who do direct and "grassroots" style lobbying, i.e., in efforts to generate public support or opposition to legislation. The measure also requires more people who lobby on behalf of a foreign client to register, by eliminating the current exemption for lawyers.

The measure broadens registration requirements for lobbyists to include not only those trying to influence lawmakers about legislation, as under current law, but also anyone attempting to affect the "formulation, modification, or adoption of legislation, federal regulation, Executive order, program, policy or position of the United States, or the administration or execution of a federal program or policy (including the negotiation, award, or administration of a federal contract, grant, loan, permit or license)."

The bill's registration requirements would not apply to people who are paid less than \$2,500 to lobby in a six-month period. (This threshold would be adjusted for inflation every four years.) In addition, those who spend less than 10% of their time on lobbying activities for their client or employer would not be required to register either.

Reporting Requirements

Under the measure, lobbyists would be required to register within 30 days of lobbying or agreeing to lobby, and they would be required to file a report every six months (on January 31 and July 31) with a new independent agency – the Office of Lobbying Registration and Public Disclosure. (Under current law, those required to register under the Federal Regulation of Lobbying Act file reports every quarter with the Clerk of the House and the Secretary of the Senate. Those required to register under the Foreign Registration Act file reports every six months with the Justice Department.) The director of the new office would be appointed by the President, subject to Senate confirmation, for a five-year term. This new office would be required under the bill to give guidance on how to comply with the statute.

The bill requires that these reports from lobbyists include more detail than is currently required including:

- The identity of their employers or clients;
- Issues on which he or she was lobbying, including bill numbers and references to specific regulatory actions, programs, projects, contracts, grants, and loans; and
- A good faith estimate of the total amount of all income from the client, or a good faith estimate of the total expenses that the organization or its employees incurred in connection with its lobbying activities, including grassroots lobbying activity.

Penalties & Effective Date

The measure authorizes civil penalties of up to \$10,000 for minor violations, and of up to \$200,000 for significant violations of the bill, such as failing to meet their disclosure obligations. (Current law provides for criminal, rather than civil penalties for violations.)

The measure would take effect one year after the date of enactment.

Section III

Gift Ban & Disclosure

This section describes the provisions of S. 349, Lobbying Disclosure Act, dealing with new limits on gifts, meals, entertainment, and travel for Members of Congress and their non-clerical employees.

Current Rules

Under House Rules, Members of the House are prohibited from receiving gifts totaling more than \$250 from one source in one year. These requirements do not apply to gifts of personal hospitality, gifts worth \$100 or less, gifts from relatives, and local meals.

The current requirements regarding gifts do not apply to meals, entertainment, or travel. Members and employees may accept travel expenses from a private source when necessary to enable them to give a speech, or otherwise participate substantially in an event or to conduct a fact-finding trip. These trips must be limited to four days including travel time, if within the U.S. mainland, and seven days, excluding travel days, if traveling outside of the U.S. mainland (including Hawaii and Puerto Rico). However, Members and employees can extend the trip at their own expense.

The Bill's Provisions

Generally, the bill prohibits registered lobbyists or lobbying firms from providing meals, entertainment, or gifts to Members of Congress, both directly and indirectly. These provisions also would apply to non-clerical employees of Members, committees, joint committees, legislative service organizations, or other caucuses, and entities controlled or maintained by any of these officials (i.e. foundations established by a Member of Congress).

In addition, the measure bans lobbyists and lobbying firms from paying for travel and travel-related meals, lodging, and entertainment for these officials. If the client of a registered lobbyist or lobbying firm pays for travel-related expenses (including travel, lodging, food, and entertainment) for a Member of Congress or any of these other officials, those expenses and the name of the Member must be disclosed twice a year.

The measure changes House rules to prohibit Members and staff from knowingly accepting a gift, meal, travel, and entertainment prohibited under the bill. However, the measure continues current disclosure requirements and does not delete any current prohibitions in House rules.

Meals & Entertainment

The bill generally prohibits lobbyists and lobbying firms from providing meals and entertainment to Members and staff. Members and staff, however, could receive meals and entertainment if they are provided at charitable or political events, or if provided by the sponsor of widely-attended gatherings, including conventions, retreats, symposiums, screenings, and receptions. The measure also permits companies, unions, or organizations employing lobbyist to pay for Members' and staff's expenses related to travel, including meals and entertainment, as long as the items paid for are available to all those invited, not just Members and staff. These expenses must be disclosed twice a year.

Under the bill, meals and entertainment could be provided to Members and staff by the clients of lobbyists if provided by a company representative other than a lobbyist (such as a chief executive officer), where the representative is at the meal.

Gifts

While most gifts from registered lobbyists, lobbying firms, and organizations, companies, and unions employing lobbyists are banned under the measure, the bill exempts the following kinds of gifts:

- Informational materials, including books, articles, periodicals, videotapes and audiotapes;
- Home-state products (such as fruit, candy, etc.) of minimal value used primarily for promotional purposes;
- Modest items of food or refreshments (e.g. soft drinks, coffee, and donuts) other than a meal;
- Items of little intrinsic value, such as greeting cards;
- Personalized items such as plaques, certificates, trophies intended solely for personal recognition; and
- Items not used and promptly returned.

Section III. Gift Ban & Disclosure

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Gifts motivated by a personal friendship or family relationship would not be banned by the bill. To determine if the gift is personal, at least the following factors would be considered: a) the history of the relationship, including previous exchanges of gifts, b) whether the donor purchased the item, and c) whether the same or similar items given to other covered officials at the same time. However, this exemption would not apply when the donor claims the gift as a business expense, or the donor was reimbursed by the lobbyist, employer, or client.

Travel & Other Disclosure

Organizations, companies, or unions with lobbyists (but not lobbyists and lobbying firms) could pay for travel-related expenditures, including travel, lodging, food, and entertainment provided while on travel. If a Member or staff travels for a fact-finding trip or a speaking engagement, or otherwise participates substantially in an event sponsored by a charitable or political organization that is paid for by the client of a registered lobbyist, or lobbying firm, those expenses and the name of the Member must be disclosed. Further, they may pay only for entertainment that is provided for all of those on the trip; entertainment provided only for Members and not others, could not be paid for by the sponsors.

Under the bill, these entities could not pay for the travel and related expenses of Members or staff if they arrive at the destination more than 24 hours before an event held in the United States, or if they depart more than 24 hours after the event. For events held outside the United States, Members or staff could not arrive more than 48 hours before the event, and must depart within 48 hours after the event.

Under the bill, registered lobbyists, lobbying firms, clients of lobbying firms, and companies with lobbyists must disclose the following expenses twice a year:

- The total amount of spending for conferences or retreats which are sponsored by, or affiliated with, an official congressional organization (such as the Republican Conference or Democratic Caucus). The name of people in attendance, however, would not have to be disclosed;
- The total amount of spending for a widely-attended event hosted by, with, or in honor of the covered official (names of those attending need not be disclosed);

Fact Sheet No. 103-28**Section III. Gift Ban & Disclosure**

- Charitable contributions made in lieu of honoraria to a Member. (However, the name of the charity must be disclosed when the charity is maintained or controlled by covered officials);
- Contributions to legal defense funds (same information under current House rules).

The bill requires those who have to make these disclosures to provide advance notification to covered officials, with an opportunity to correct errors or avoid disclosure by reimbursing the lobbyist for these expenses within 30 days.

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THE LOBBYING DISCLOSURE ACT

- WOULD REQUIRE THOSE WHO LOBBY LEGISLATIVE AND EXECUTIVE BRANCH OFFICIALS TO REGISTER AND REPORT ESTIMATES OF WHAT THEY SPEND ON THEIR LOBBYING CAMPAIGNS, INCLUDING WHAT THEY SPEND ON GRASS ROOTS LOBBYING COMMUNICATIONS.
- CLOSSES LOOPHOLES IN THE FEDERAL REGULATION OF LOBBYING ACT, THE FOREIGN AGENTS REGISTRATION ACT, AND OTHER LOBBYING STATUTES.
- COVERS ALL PROFESSIONAL LOBBYISTS -- LAWYERS OR NON-LAWYERS, IN-HOUSE OR INDEPENDENT -- IF EMPLOYER SPENDS, OR LOBBYING FIRM IS PAID, \$2,500 FOR LOBBYING ACTIVITIES DURING A SIX-MONTH PERIOD.
- INDIVIDUALS ARE CONSIDERED LOBBYISTS IF THEY SPEND AT LEAST 10% OF THE TIME THEY SPEND FOR SERVICES FOR THEIR CLIENT OR EMPLOYER ON LOBBYING ACTIVITIES

(CONTINUED)

P011

TO 94567028

JOHN BRYANT

FROM CONG.

03-24-94 01:04PM

• **COVERS LOBBYING CONTACTS WITH POLICY-MAKING OFFICIALS OF EITHER THE EXECUTIVE OR LEGISLATIVE BRANCH (INCLUDING MEMBERS OF CONGRESS AND NON-CLERICAL MEMBERS OF THEIR STAFFS) CONCERNING FEDERAL LEGISLATION, RULES, REGULATIONS, EXECUTIVE ORDERS, OR OTHER PROGRAMS OR POLICIES.**

• **CONSOLIDATES FILING IN A SINGLE FORM TO BE FILED BY A LOBBYING FIRM OR EMPLOYER SEMIANNUALLY ON JULY 31 AND JANUARY 31.**

• **REQUIRES REGISTRANTS TO LIST THE NAMES OF LOBBYISTS, CLIENTS (AND ANY FOREIGN AFFILIATES WITH A DIRECT INTEREST IN THE LOBBYING), ISSUES LOBBIED, THE FEDERAL AGENCIES AND/OR COMMITTEES CONTACTED, AND AN ESTIMATE OF THE AMOUNT OF MONEY SPENT.**

(CONTINUED)

. CREATES THE OFFICE OF LOBBYING REGISTRATION AND PUBLIC DISCLOSURE TO ADMINISTER THE STATUTE, AND REQUIRES IT TO GIVE GUIDANCE ON COMPLIANCE.

. SUBSTITUTES A SYSTEM OF CIVIL ADMINISTRATIVE FINES (SUBJECT TO JUDICIAL REVIEW) FOR EXISTING CRIMINAL PENALTIES. FINES FOR MINOR VIOLATIONS OF UP TO \$10,000; AND FOR SIGNIFICANT VIOLATIONS OF UP TO \$200,000.

P013

TO 94567028

FROM CONG. JOHN BRYANT

U3-24-94 01:04PM

MEALS AND ENTERTAINMENT EXEMPTED FROM THE BAN:

- **PROVIDED AT CHARITABLE OR POLITICAL EVENT**
- **PROVIDED BY SPONSOR OF WIDELY ATTENDED GATHERING, INCLUDING CONVENTIONS, RETREATS, SYMPOSIUMS, VIEWINGS & RECEPTIONS**
- **PERSONAL FRIENDSHIP OR FAMILY RELATIONSHIP EXEMPTION, WHICH IS BASED ON CONSIDERATION OF AT LEAST THE FOLLOWING FACTORS--**
 - **HISTORY OF RELATIONSHIP, INCLUDING PREVIOUS EXCHANGES OF GIFTS**
 - **WHETHER MEAL OR ENTERTAINMENT WAS PURCHASED BY DONOR**
 - **WHETHER THE SAME OR SIMILAR MEALS OR ENTERTAINMENT WERE PROVIDED TO OTHER COVERED OFFICIALS AT THE SAME TIME**

BUT NO PERSONAL OR FAMILY EXEMPTION WHEN MEAL OR ENTERTAINMENT CLAIMED AS BUSINESS EXPENSE OR DONOR REIMBURSED BY ORGANIZATION, COMPANY OR UNION.

P015

TO 94567028

FROM CONG. JOHN BRYANT

03-24-94 01:04PM

GIFTS EXEMPTED FROM BAN:

- **INFORMATIONAL MATERIALS, INCLUDING BOOKS, ARTICLES, PERIODICALS, VIDEOTAPES & AUDIO TAPES**
- **HOME-STATE PRODUCTS OF MINIMAL VALUE USED PRIMARILY FOR PROMOTIONAL PURPOSES**
- **MODEST ITEMS OF FOOD OR REFRESHMENT (E.G., SOFT DRINKS, COFFEE & DOUGHNUTS) OTHER THAN A MEAL**
- **ITEMS OF LITTLE INTRINSIC VALUE, SUCH AS GREETING CARDS, BASEBALL CAPS & T-SHIRTS**
- **PERSONALIZED ITEMS SUCH AS PLAQUES, CERTIFICATES, TROPHIES INTENDED SOLELY FOR PERSONAL RECOGNITION**

03-24-94 01:04PM FROM CONG. JOHN BRYANT TO 94567028 P016

RULES FOR MEALS, ENTERTAINMENT, GIFTS, & TRAVEL

	REGISTERED LOBBYISTS	REGISTERED LOBBYING FIRMS	ORGANIZATIONS, COMPANIES OR UNIONS WITH LOBBYISTS
MEALS	BANNED	BANNED	BANNED EXCEPT WHEN UNSOLICITED, AND PAID FOR BY A REPRESENTATIVE (OTHER THAN A LOBBYIST) OF THE ORGANIZATION, COMPANY OR UNION AND SUCH REPRESENTATIVE IS IN ATTENDANCE
ENTER-TAINMENT	BANNED	BANNED	
GIFTS	BANNED	BANNED	BANNED
TRAVEL-RELATED EXPENSES	BANNED	BANNED	RESTRICTED & DISCLOSED

PC14

TO 94567028

FROM CONG. JOHN BRYANT

03-24-94 01:04PM

GIFTS EXEMPTED FROM BAN:
(CONTINUED)

♦ **GIFTS MOTIVATED BY PERSONAL FRIENDSHIP OR FAMILY RELATIONSHIP ARE EXEMPT. THIS EXEMPTION IS BASED ON CONSIDERATION OF AT LEAST THE FOLLOWING FACTORS--**

- HISTORY OF THE RELATIONSHIP, INCLUDING PREVIOUS EXCHANGES OF GIFTS**
- WHETHER THE GIFT WAS PURCHASED BY THE DONOR**
- WHETHER THE SAME OR SIMILAR GIFTS WERE GIVEN TO OTHER COVERED OFFICIALS AT THE SAME TIME**

BUT NO PERSONAL OR FAMILY EXEMPTION MAY BE CLAIMED WHEN THE COST OF THE GIFT IS DEDUCTED AS A BUSINESS EXPENSE OR THE DONOR IS REIMBURSED BY THE ORGANIZATION, COMPANY OR UNION

LOBBYISTS, LOBBYING FIRMS, COMPANIES WITH LOBBYISTS AND CLIENTS OF LOBBYING FIRMS MUST REPORT THE FOLLOWING EXPENDITURES MADE TO OR ON BEHALF OF A MEMBER OR STAFF:

- **TRAVEL-RELATED EXPENDITURES, INCLUDING TRAVEL, LODGING, FOOD & ENTERTAINMENT.**
- **AGGREGATE AMOUNT OF EXPENDITURES PAID FOR CONFERENCE OR RETREAT, WHICH IS SPONSORED BY OR AFFILIATED WITH AN OFFICIAL CONGRESSIONAL ORGANIZATION. THE NAMES OF INDIVIDUAL MEMBERS WHO ATTEND WILL NOT BE DISCLOSED.**
- **AGGREGATE AMOUNT OF EXPENDITURE FOR WIDELY ATTENDED EVENT HOSTED BY, WITH OR IN HONOR OF A MEMBER OF CONGRESS OR OTHER COVERED OFFICIAL. THE NAMES OF INDIVIDUAL MEMBERS WHO ATTEND WILL NOT BE DISCLOSED.**
- **CHARITABLE CONTRIBUTIONS IN LIEU OF HONORARIA.**
- **CONTRIBUTIONS TO LEGAL DEFENSE FUNDS.**

[NOTE: MEMBERS AND STAFF WILL RECEIVE ADVANCE NOTIFICATION OF EACH PROPOSED DISCLOSURE AND WILL HAVE THE OPPORTUNITY TO CORRECT ERRORS OR AVOID DISCLOSURE BY REIMBURSING THE DONOR WITHIN 30 DAYS.]

Here's first draft ...

lacks pith/coinages...

I think the foreign lobbying/domestic reform
mix is ok.

2:30 AM
"Government by all nighter" lives!

THE WHITE HOUSE

From Michael Wallman

INITIATIVES IN SPEECH DRAFT

- * Banning foreign lobbyists
- * Heightened enforcement of foreign lobbying law
- * Lobby disclosure executive order (unilateral enforcement of lobby reform)
- * Call for Congress to ban gifts from lobbyists
- * Support for FCC's "free TV time" proposal
- * State option constitutional amendment for term limits

Waldman draft Mon pm (2800 words)

PRESIDENT WILLIAM J. CLINTON
COMMENCEMENT ADDRESS
DARTMOUTH COLLEGE
HANOVER, NEW HAMPSHIRE
June 11, 1995

[Acknowledgements]

[Acknowledgement of Class of 1945, who did not have a commencement and are being honored at this one]

[Acknowledgement to parents and grandparents]

I want to speak to you today about how we as a people can reclaim our birthright: democracy. How can we make our politics something real, something relevant, to the millions of people who have tuned out? How, at a time when the winds of economic change blow with hurricane force, can we ensure that our government works for the national interest, not narrow interests?

The Class of 1995 enters the world of work at a time of real hope, for our nation and the world. For all the uncertainty and dislocation and even brutality of this new era, this is a world your parents and grandparents would be stopped cold to contemplate.

The end of the Cold War has brought the end of a debilitating and sometimes extravagant arms race. For the first time in fifty years, no Russian missiles are targeted at the people of the United States -- and none of our missiles are targeted at them. In the Middle East, in Ireland, in South Africa, seemingly endless hatred and violence has given way to negotiation, peace, and genuine hope.

But for future scholars, above all this will be seen as a Golden Age of Democracy. From Prague to Santiago, from Johannesburg to Berlin, hundreds of millions of people who only a decade ago lived in the stifling hothouse of dictatorship now breathe the fresh air of freedom.

And it is thrilling -- and humbling -- to know that for freedom fighters and nation builders across the globe, the United States of America has been a beacon and a model.

[we need more exciting e.g.s of US as model] [During a strike in that revolutionary fall of 1989, a Czech brewery worker rose on a platform in grimy overalls and told his countrymen: "We hold these truths to be self evident, that all men are created equal, that they are endowed by their creator with certain unalienable rights, that among these are life, liberty and the pursuit of happiness."

They know that our democracy is more than just a set of institutional arrangements scratched on parchment. Long after the ink faded on our founding documents, democracy was a creed, a way of life, that penetrated every village and every aspect of our lives. What New Hampshire's Daniel Webster in 1830 called "The people's government, made for the people, made by the people, and answerable to the people." The New England town meeting. Even the New Hampshire primary: This is what American democracy means to the rest of the world.

But at the very moment our vision of democracy is triumphing abroad, it is deeply troubled at home.

Americans have withdrawn their trust from the government that is supposed to serve them, and the political system that is supposed to represent them.

People have concluded that the system is wired, that their voices do not count, that the corridors of Washington throng with advocates for the powerful.

As gale forces of economic change blow throughout the world, ordinary Americans perceive that the political process is unable to meet the challenges of changing times. After two decades of stagnant incomes for ordinary Americans, we seem powerless to take control of our destinies and act together to improve our lives.

Too often, our system proves the people right.

Students of history know that lobby power is nothing new. Students of political theory know that James Madison warned that our government could fall prey to narrow interests.

But today, something truly has gone awry. An influence industry 90,000 strong works in Washington to represent well-funded narrow interests. Three times the number of registered lobbyists walk the halls of Congress as two decades ago. Six times the number of special interest political action committees pour funds into the campaigns of politicians. Genuine grassroots participation has been replaced by the astroturf of manufactured mass movements. And too often, the quiet voices of honest debate are outshouted by pressure groups using mass mailings and scare tactics.

If they meant anything, the last two elections were a mandate to reject this brand of Washington business as usual. But now, as the new Congress considers legislation to roll back decades of environmental and consumer protection legislation, the lobbyists have literally been invited into the back room. They have drafted the legislation; they have given the briefings to lawmakers to explain what the legislation means; from a room off the floor of the Congress, they have written the speeches for the lawmakers to make.

Let me be clear. These narrow interests aren't all bad; in many cases, they are you and me. But they can jam the gears of political change. They poke holes in the tax code, beg for bailouts, and extract unjustified subsidies from the government. They are special pleaders for the corporate welfare state. And we will never make government work for the middle class if we do not curb the power of the lobbyist class.

The American people know this. And it is one reason why they have cut themselves off from politics.

In the 1994 elections, fewer than x out of x people voted. xx. By one account, out of twenty democracies, our voter turnout ranks nineteenth. And while the sweat and blood of politics was subject for discussion in bars and barbershops and living rooms across America, now citizens have tuned out, convinced that what happens in politics is as distant from their lives as what happens on Mars.

The true tragedy here is that now more than ever, we need a government that can change with the times, that can stand up for ordinary citizens and help them make the best of a changing world. Americans want the system to work. They want to be represented, to be reconnected with their government. And they want the system to work for them.

That demand for change erupted in 1992, when an angry electorate voted an incumbent president out of office. It erupted again in 1994, when control of Congress changed hands for the first time in a generation. It is up to those of us in public life to respond to that demand.

In my first two years in office, I did my best to meet this challenge of change. We made tough choices -- cutting the deficit by \$1 trillion while increasing investment in our children, cutting taxes for 15 million working families while raising them only for the top 1%; taking on tough fights and taking on vested interests, from the gun lobby to the opponents of NAFTA. We shrunk the government, so that it is now at its smallest level since John F. Kennedy was President.

And now that demand for change and accountability has given rise to the great debate now taking place in Washington over the shape and role of the government.

But if our history tells us anything, it tells us this: It is not enough to change the people in public office, or even the parties in power, if we do not change the way we make decisions. We won't enter the 21st century vibrant and strong if our political system is frozen and weak.

The story of America is a story of repeated democratic renewal. Whenever our politics lagged behind our society, the people have taken hold of the institutions of government and shaken them until they worked. From Andrew Jackson, who expanded the vote and brought the common people into government . . . to Abraham Lincoln, who led a

crusade to restore government for the people . . . to Theodore Roosevelt and the Progressives, who sought to tame the unchallenged power of monopoly . . . to Franklin Roosevelt and Harry Truman and the modern Democratic party, who created the great American middle class . . . our people have risen to the task of remaking their politics.

Now, it is our turn to reclaim and renew our democracy. This is not a choice between left and right, a tired rehashing of stale categories. The reform impulse is simply too intense. If the Republican party or the Democratic Party cannot keep pace, they will be left behind. This is above all a time to formulate a new language and a new approach that moves the country forward.

I want to announce several steps today, actions that are animated by the belief, articulated by Al Smith, that "The only solution for the ills of democracy is more democracy." These are vital political reforms that will make American democracy more fair, more effective, and more efficient. They are a way to democratize our democracy. For democracy is always an unfinished project. The founders engaged in a bold experiment, and we cannot be any less imaginative -- any less bold.

We must start by correcting one of the more naked abuses of our system: the open scandal of foreign lobbying.

Every citizen has the right to seek to influence the government. That's the American way. But foreign governments and corporations have transformed that right into a loophole, literally buying up the access and influence of former officials. In the 18 years before I took office, nearly half the top officials of the U.S. Trade Representative Office switched sides, registered as foreign agents after they left public office. We are the only nation in the world where this is widespread and legal.

The first day I took office, I imposed a new ethics code. My appointees pledged that they would not lobby for foreign governments, ever. And my top trade officials pledged that they would not lobby for foreign businesses for five years after leaving office. We stopped the revolving door.

But the undermining influence of foreign lobbying has not gone away. Foreign interests still wage multimillion dollar campaigns to sway our government and our people. Today, we are engaged in intense negotiations with Japan, as we seek to open their markets to American goods. But the Japan Lobby is not content to let this play out across the negotiating table. They have hired the best law firms; they blanket the airwaves with ads; they have hired a former U.S. Trade Representative, who goes on national television without mentioning that she works for a Japanese firm. [note: Carla Hills on Brinkley.]

During the Cold War, Americans properly wanted to know that their government was not being swayed by foreign forces. Today, at a time of peaceful but profound economic competition, the American people deserve a government that listens only to them, and not to

the whisperings of foreign interests. For that reason, today I am issuing an order barring executive branch officials from meeting with foreign lobbyists. Foreign lobbyists can call, but my officials won't call back. And I challenge the Congress to take the same step.

In the meantime, we will put teeth in the laws that today govern foreign lobbying. Foreign agents have to register, but for too long their forms gather dust in an office in Washington. I am directing the Attorney General to double the enforcement of these laws, to ensure that our generosity is not being flaunted.

But we know that foreign lobbyists aren't the only ones taking advantage of the American people. Every day, tourists throng Washington's marble monuments to see the government in action. But a mile away, on K Street, the other government of lawyers and lobbyists works in secret, often with as much impact on our lives.

Justice Brandeis said, "Sunlight is the best disinfectant." But today, professional lobbyists can work almost entirely in secret. Consider this. Last month, my administration proposed a provision that would raise \$3.2 billion over 10 years simply by telling billionaires that they cannot evade the taxes they owe simply by renouncing their American citizenship. It was in the legislation as it moved through Congress, and then it was out. Who saved the expatriate billionaires? Somebody lobbied for that -- hard, carefully, secretly. And I think the American people are entitled to know.

For two years, I have called on Congress to change this law, to bring the lobbyists into the sunlight of public scrutiny. The Democratic Congress waited too long to act. And then the Republican leadership filibustered it to death. When the legislation was killed, lobbyists off the Senate floor literally cheered.

We've waited long enough. Today I am announcing that, to the extent I can, permitted by law, I will make the lobbyists disclose. I will issue an executive order that says: if you are a professional lobbyist, and you want to talk to an official of our government, you must disclose who you are working for, what you are trying to pass or kill, and how much is being spent.

Now that we have acted, Congress has no excuse for delay. They should finish the job and pass lobby reform immediately.

And they should bar lobbyists from giving lawmakers gifts, meals and entertainment. It has now been six months since I challenged Congress to act. Nothing has happened. And the American people are still waiting.

And even if we bar foreign lobbying . . . if we bring the influence industry into the sunlight . . . we still have an obligation to make our elections true instruments of democracy, to give the voters a voice and a choice.

I have consistently argued that we must reform our campaign finances. I have called for free television time for candidates, so that all contenders can be heard regardless of the size of their bankbook. A Democratic Congress waited too long to act. And now the Republican Congress seems to have forgotten all about campaign finance reform. But we are not waiting. Our Federal Communications Commission is acting now to induce broadcasters into providing free time for candidates. If they succeed, it will revolutionize our politics. And we will continue.

[Perhaps the most genuine reflection of the democratic impulse has been the term limits movement. This is a genuine democratic cry from the heart. The American people know that -- even at a time of massive voter discontent and party turnover, a Member of Congress is more likely to die in office than to be voted out of office. (CK)

I have expressed my reservations about term limits; I have been concerned that they will hurt smaller states, and I have wanted other political that would change the way Congress does business today, not 12 years from now.

But today I am offering the leadership of Congress a deal. If Congress will pass my political reform agenda -- a ban on foreign lobbying, lobby disclosure, free TV for candidates, and the line-item veto -- I will support a constitutional amendment that would give every state the option of enacting term limits. This would give small states the chance to reject term limits, if they chose, and it would not be irreversible. States set their own rules for how long their governors and legislators can serve, and I see no harm in letting them impose limits on their own Members of Congress.

In fact, I will help make this amendment happen. But I will do so only if Congress acts immediately on the real political reform measures that do not require a constitutional amendment, and that would truly change the system.]

This democracy agenda I have outlined today sets forth the tools for our people to use. But it is up to the people to use those tools. We will journey halfway around the world to fight for democracy, but we won't walk across the street to exercise it.

It is facile and easy to blame the politicians for the mess in Washington -- too easy. Democracy's quiet crisis is our crisis. The flash of a bomb in Oklahoma City outlines in sharp relief that the government is not them; it is us.

We live in times when we need the strengths and ideals of democracy more than ever. Yet the problems and frustrations that demand more democracy are themselves democracy's most potent corruptors. As we fail to vote, we become powerless; feeling thwarted and impotent, we grow still more cynical about voting. As we use democratic talk to vent our anger and assail our adversaries, we lose faith in the power of talk to heal our wounds and find common ground. We not only hurt each other with hate talk, we hurt talk itself as a mediator of our differences.

Ultimately, democracy is about a people's confidence in itself. When we have that confidence, we govern well. When we lose faith, when we let elites grasp the reins of power, our nation loses its way.

To the graduates gathered here today I say this: On you falls the obligation to renew our democracy, to hold politics accountable and to make political participation part of the fabric of your lives.

You have the skills, the education, the knowledge to master the forces of technology that will transform our society. You have the energy to succeed. And in you the flames of idealism still flicker, when so many others have grown weary and cynical.

[peroration]

Can Res. - GOP will object
- This exposes their hypocrisy
- Wallop
- We offered to take it out -
they refused

Olsson Books
785-1133

The Bell Curve

Tues

- Title
11/2/98

File
Lobby
Reform

William Reformer

Nation: Lobbyists

Interest Groups Enlist in Republican Revolution

By Lisa Leiter

Lobbyists and legislators have worked together openly in the 104th Congress. Barry Jackson of the House Republican Conference calls such collaboration healthy: "We don't hide the fact that we regularly meet with them," he says. "The best disinfectant for corruption is sunshine."

An exhausted Bob Bannister plopped his head into his hands at one especially energetic meeting of lobbyists and lawmakers on Capitol Hill. The senior staff vice president of the National Association of Home Builders, or NAHB, wondered whether he and the conservative lobbyists pushing the Republican "Contract With America" had the adrenaline to continue.

"How can it be humanly possible to get this done?" he recalls thinking. "Write one more letter; make one more phone call. How much can you ask us to do?"

The open relationship between lobbyists and the 104th Congress has earned some press lately — not all of it bad. Republicans endorse the collaboration, claiming that it's a problem "only when it looks like it wasn't done in the past," says Bannister. Even critics such as Charles Lewis, director of the Center for Public Integrity, admit there is less pretense about the decision-making process. "It's much more open and much more in your face in terms of lobbyists working with legislators," says Lewis. "You don't normally see them in public writing bills. It's not that progressive types haven't done that in the past, just not normally in plain view."

But Lewis also calls the lobbyist-legislator collaboration "garish audacity" on the part of the Republican-dominated Congress. Most lobbying attempts to wrap narrow self-interest in the cloak of the commonweal. "But that veneer, they don't even bother putting it on anymore," he says. "I have not seen that kind of unabashed exercise of power for private good."

President Clinton and congression-

al Democrats also condemn the close ties between lobbyists and GOP legislators. In a speech marking the 25th anniversary of Earth Day, Clinton criticized Republicans for "allowing lobbyists to rewrite our environmental laws" and argued that the contract benefits industry and wipes out 20 years of environmental improvements.

According to Republican Sen. Paul Coverdell of Georgia, such criticism stems from Democrats' bitterness about the last election. "It's the kettle calling the pot black," Coverdell tells *Insight*. "For that kind of criticism to come from the other side of the aisle after watching the cozy relationships that have occurred with Ralph Nader, it is a little hypocritical."

A lobbying-reform bill died in the last Congress, but Democrats are hop-

ing to revive their effort within the budget process. Even some Republicans, especially reform-minded freshmen, want to change the nature of the relationship between lobbyists and lawmakers. Bills banning gifts are making their way through the House; the Judiciary Committee tentatively has scheduled hearings on lobbying reform. Rep. Linda Smith, a Washington Republican, has introduced a bill that would bar virtually all gifts from lobbyists. "It's about the issue of the integrity of the institution," she tells *Insight*. "We have to have clean cuts with [lobbyists]."

Meanwhile, lobbyists continue to push the contract in the Senate, where the powerful, behind-the-scenes Thursday Group, a medley of conservative-interest lobbyists, will wade through the legislation as they did in the House: The group was instrumental in pushing the contract through the first 100 days. Its members include the U.S. Chamber of Commerce, the National Association of Manufacturers and the National Federation of Independent Business, among other business groups, as well as the Traditional Values Coalition, Concerned Women for America and the Family Research Council. Representatives of the Heritage Foundation, a conservative think tank, also sometimes attend.

Rep. John Boehner of Ohio, who heads the Thursday Group, broke it into coalitions for particular issues during the 100 days: Among them were Majority Whip Tom DeLay's Project Relief for regulatory reform; the Coalition for America's Future for tax and spending cuts; and a legal-reform coalition. Breaking a tradition of



Home Builders' Bannister says lobbyists will have to work harder in the Senate.

putting their own interests above that of the nation, the lobbyists suppressed their concerns temporarily for the sake of the contract, says Barry Jackson, executive director of the Republican Conference. For instance, Traditional Values Coalition didn't balk when the GOP supported a \$500-per-child tax credit, though that was less than the coalition had sought. But Jackson insists that the group does not write legislation.

Some observers predict such team spirit will break down in the Senate. "It will be harder to keep the Thursday Group issue coalitions together ... because you don't have the definition of reality called the contract," says one member who asked not to be named. Instead, lobbyists will see "a finite pool of bucks, and you try to get yours."

But Coverdell, who will coordinate Thursday Group efforts in the Senate, says he believes the group will remain cohesive despite Senate abandonment of some key contract provisions. "There'll be different levels of enthu-

siasm" depending upon the issue, he predicts, and the group's efforts will have to be intensified. "We will have to spend a lot more time, energy and effort to get some of these provisions through the Senate and we will be working toward that," says the Home Builders' Bannister.

But Bannister's group could be one of the first members of the Thursday Group to break ranks. Some proposals for a flat tax — not part of the contract — eliminate the mortgage-interest deduction. And Senate Finance Committee Chairman Bob Packwood, a Republican from Oregon, has told the NAHB that lowering the cap for high-cost mortgages from \$300,000 to \$250,000 would offset tax cuts. "We're viewing both as a serious frontal assault," Bannister says. "The mortgage-interest deduction is the cor-

nerstone of housing policy in this country."

While Jackson warns that the leadership will not tolerate lobbyists who jump ship, members of the Thursday Group reiterate that they aren't a monolith. "It's not all for one and one for all," says one. "It is extremely fragmented on lots of issues and unless something occurs that is transforming — such as what has occurred on the House side — the business community will fragment." Others note that they supported the contract whole-

heartedly despite their specific interests because they knew the 104th Congress had to succeed in its first 100 days. "It is so wonderfully refreshing to have a group of politicians in charge who believe here is what we intend to do and then they try like hell to get it done," says Dirk Van Dongen, president of the National Association of Wholesaler-Distributors. "I do not see on the Senate side an institutionalization of that. Clearly



Sheldon: In the old days, the Democrats shut us out.

there are folks who believe that, but there are some senators who just don't get this message yet."

No one disputes that the Senate will modify the contract as passed by the House, but Coverdell says the process will remain the same: "We will allow things to come to the floor to be aired and be voted on. The key components of legal reform will all have their day, [but] it won't be the same endgame."

No matter what happens to the contract and the Thursday Group coalitions in the Senate, lobbyists will continue to have their say. But they aren't always as powerful as they seem. As Jackson knows too well, they can seem downright silly; lobbyists hoping to influence Congress will call his office and ask for his boss, the fourth-ranking Republican. "I just talked to 'Jack' last week," some have been known to say, even though Boehner's first name is John. "It's pathetic ... that's how they give themselves a bad name." •

Offensive — in Both Ways?

While the Republican "Contract With America" sailed through the House in the first 100 days, conservative lobbyists — for the first time in decades — played offense instead of defense, influencing policy instead of fighting environmentalists, labor unions and abortion-rights groups traditionally linked to the Democrats.

"We think we were shut out of the political process last year," says Andrea Sheldon, government relations director of the Traditional Values Coalition. "An almost-frightened leadership wouldn't let us speak."

Perhaps that fear remains among Democrats. In March, Rep. George Miller, a California Democrat, objected to former Rep. John J. Rhodes III of Arizona, a lawyer-lobbyist, sitting at the dais with the rest of the House Resources Committee during an oversight hearing. Rhodes left the table "stunned and appalled," he wrote in a letter to Miller that day. He noted that his clients had no legislation before Congress. Responded Miller, "It seems to me that the public has enough ques-

tions about the integrity and independence of Congress and the undue influence of money and lobbyists in the legislative process, without courting additional disapproval by having lobbyists project a semi-official appearance."

Others express concern about the Heritage Foundation participating heavily in the legislative process. Kent Weaver of the Brookings Institution classifies Heritage as an advocacy group. "When you're not just responding to a question for help and you're pushing for a particular line, and in some cases threatening to mobilize the conservative community ... then you're crossing the line."

Michael Franc, Heritage's director of congressional relations, claims Weaver's criticisms are unfounded. "You can't lobby for a philosophy," he says, adding that the think tank couldn't possibly mobilize its 230,000 donors. "We try to provide as much ammunition as possible for the conservative debate. I would take it as a compliment that someone would confuse that with a lobbyist." —LL

SUBCOMMITTEE ON ADMINISTRATIVE LAW AND GOVERNMENTAL RELATIONS

COMMITTEE ON THE JUDICIARY

U.S. HOUSE OF REPRESENTATIVES

Voice: (202) 225-5741
FAX: (202) 225-3673

FAX COVER SHEET

TO: Name: Bruce Reed
Office: _____
Fax Tel: 456-7431
Phone: 456-6515

FROM: David Naimon
DATE: 9/29/94 TIME: 620 PM

NUMBER OF PAGES (including this cover sheet): ~~3~~ 7

SPECIAL INSTRUCTIONS:



BAPTIST JOINT COMMITTEE

200 MARYLAND AVENUE, N.E., WASHINGTON, D.C. 20002-5707 • 202/544-4225

September 29, 1994

J. Brent Walker
General Counsel

The Honorable John Bryant
United States House of Representatives
305 CHOB
Washington, DC 20515

Dear Mr. Bryant:

The Baptist Joint Committee serves the below-listed Baptist bodies on public policy issues surrounding religious liberty and the separation of church and state.

We have reviewed the church-state ramifications of H.R. 823, the Lobby Disclosure Act of 1994. I understand that the statutory exemptions are those reflected in my March 23, 1994 letter to you. We think that Section 103(9)(B) and Section 103(10)(B) adequately protect the free exercise rights of churches and religious organizations.

This language has been examined and approved by a number of religious organizations and their church-state experts, including from the Jewish community, mainline protestants and the United States Catholic Conference.

I am, therefore, puzzled by Mr. Gingrich' letter questioning this legislation on the basis of the effect that it would have on religious organizations. I think he is plainly wrong.

We very much appreciate your willingness to accommodate religious liberty concerns in this legislation and appreciate the cooperation of your staff.

Yours very truly,

J. Brent Walker
General Counsel

JBW/li



Office of Government Liaison

3211 4th Street N.E., Washington, DC 20017-1100 (202) 341-3100 FAX (202) 541-3800 TELEX 7100421

September 29, 1994

Congressman John Bryant
 United States House of Representatives
 Chairman
 Subcommittee on Administrative Law
 and Governmental Relations
 Room B351A Rayburn HOB
 Washington, D. C. 20515-6218

Dear Mr. Chairman:

I am writing concerning provisions in S.349, the "Lobbying Disclosure Act of 1994", that address how certain church institutions would be affected by the lobbying registration and reporting requirements of this legislation. The United States Catholic Conference ("USCC") staff, together with our colleagues in other denominations, were given opportunities to review and discuss those provisions during consideration of this bill in your Committee.

It is our understanding that those church organizations which fit the definition contained in Sections 103(9)(B) and 103(10)(B)(xviii) of the Act will be exempt from registering and reporting any legislative activities involving communications with their own membership. Furthermore, any lobbying contacts with government officials implicating the free exercise of religion would also be exempt from these requirements. We understand that Congress intends these provision to create broad exemptions from the registration and reporting requirements of the Act for qualified church institutions.

We appreciate the opportunity to share our views with you on this important legislation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank J. Monahan".

Frank J. Monahan
 Director

FJM:pal

(1) In the proposed section 103—

~~(A) strike out paragraph (8),~~

~~(B) strike out the second sentence of paragraph (1)(A) and~~

(C) strike out subparagraph (B) of paragraph (9),

(2) Strike out paragraph (5) of section 104(b).

(3) Strike out paragraph (6) of section 105(b).

REPUBLICAN MOTION
TO RECOMMIT
(2D)

LOBBYING DISCLOSURE ACT OF 1994

SEPTEMBER 26, 1994.—Ordered to be printed

Mr. BRYANT, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany S. 349]

CONFERENCE REPORT (H. REPT. 103-750)

SEC. 103. DEFINITIONS.

As used in this title:

(8) **GRASSROOTS LOBBYING COMMUNICATIONS.**—The term "grassroots lobbying communications" means—

(A) any communication that attempts to influence a matter described in clause (i), (ii), (iii), or (iv) of section 103(10)(A) through an attempt to affect the opinions of the general public or any segment thereof;

(B) any communication between an organization and any bona fide member of such organization to directly encourage such member to make a communication to a covered executive branch official or a covered legislative branch official with regard to a matter described in clause (i), (ii), (iii), or (iv) of section 103(10)(A); and

(C) any communication between an organization and any bona fide member of such organization to directly encourage such member to urge persons other than members to communicate as provided in either subparagraph (A) or subparagraph (B).

(9) **LOBBYING ACTIVITIES.**—

(A) **DEFINITION.**—The term "lobbying activities" means lobbying contacts and efforts in support of such contacts, including preparation and planning activities, research and other background work that is intended, at the time it is performed, for use in contacts, and coordination with the lobbying activities of others. Except as provided in subparagraph (B), lobbying activities also include grassroots lobbying communications to the extent that such communications are made in support of a lobbying contact. A communication in support of a lobbying contact is a lobbying activity even if the communication is excluded from the definition of "lobbying contact" under paragraph (10)(B).

(B) **RELIGIOUS ORGANIZATIONS.**—Lobbying activities do not include grassroots lobbying communications by churches, their integrated auxiliaries, conventions or associations of churches, and religious orders that are exempt from filing Federal income tax returns under paragraph (2)(A)(i) or (2)(A)(iii) of section 6033(a) of the Internal Revenue Code of 1986, unless such communications are made by another registrant or any person or entity required to be identified under section 104(b)(5).

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ONE HUNDRED THIRD CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON THE JUDICIARY

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September 28, 1994

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THE LOBBYING BILL TREATS RELIGIOUS GROUPS FAIRLY

Dear Colleague:

I was astonished to learn that Rep. Newt Gingrich and others are charging that the Lobbying Disclosure Act Conference Report, which is scheduled for a floor vote on Thursday, somehow requires people lobbying on behalf of religious organizations to register and report their expenditures, solely on the basis of their "grass roots" lobbying activities.

As a representative of the Religious Action Center wrote to me today, "Nothing could be further from the truth." Here are the facts:

1. Section 103(9)(B) of the Conference Report specifically excludes churches, their integrated auxiliaries, conventions or associations of churches, and religious orders, if they are exempt from filing Federal income tax returns, from any reporting of grass roots lobbying activities unless they hire someone outside their organization to conduct such communications. Thus, churches' communications with their members, clergymen's sermons from the pulpit, and church volunteers who contact Members of Congress are not covered by the bill at all.

2. Section 103(10)(B)(xviii) specifically excludes from the definition of "lobbying contact" communications by the types of religious organizations listed above "if the communication constitutes the free exercise of religion or is for the purpose of protecting the right to the free exercise of religion." This language is similar to that used in 12 states.

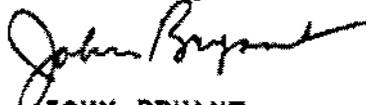
3. These provisions were approved by the United States Catholic Conference, the Baptist Joint Committee, and the Religious Action Center of Reform Judaism. For example, the Baptist Joint Committee wrote to me on March 23, 1994 that the language of the bill and the report "substantially satisfies the concerns that we have articulated to your staff."

4. The Joint Explanatory Statement of the Conference Committee specifically states, "Nothing in the conference amendment would require a person or entity to register as a lobbyist because the person or entity engages in grass roots lobbying communications, unless the person or entity also makes one or more lobbying contacts and otherwise qualifies as a 'lobbyist'." To be considered a "lobbyist", someone has to be paid, make one or more lobbying contacts, and spend 10% of their time lobbying on behalf of their organization. Even if an

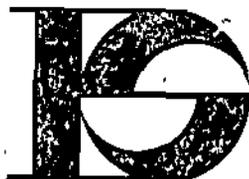
organization has a lobbyist who fits this definition, the lobbyist would not have to register if the organization spends less than \$5,000 in a six-month period on lobbying activities.

Please don't be swayed by last-minute efforts to derail this important reform initiative. I urge you to vote for the Lobbying Disclosure Act Conference Report and help improve the public's trust in this institution.

Sincerely,



JOHN BRYANT



INDEPENDENT
SECTOR

Lobby Reform



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Sara E. Meléndez
President

February 15, 1995

Ms. Melanne Verveer
Deputy Asst. to the President and
Deputy Chief of Staff to the First Lady
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Melanne:

I just saw an analysis of the Lobby Disclosure Act of 1995 (S101) by Senators Levin and others, and it contains very good news. It was great to see that the legislation would permit those charities that have elected to come under the 1976 Lobby Law, to disclose their lobbying activities based on IRS rules. If I were to modify it, it would be to permit all 501(c)(3)'s to report under the 1976 Lobby Law.

It's very good news and I'm sure the White House had a hand in helping to make that happen.

Sincerely,

Bob

Robert M. Smucker

cc: Carol Seifert
Sara E. Meléndez

cc: Bruce Reed

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Date: 12/08/94 Time: 08:51

Lobby
Reform

Senate GOP to Revive Lobbyists' Bill It Killed Earlier This Year

WASHINGTON (AP) After filibustering a Democratic lobby reform bill to death before the midterm elections, Senate Republicans intend to revise the measure and push for passage early in 1995.

GOP officials say their plan is likely to include a virtual ban on gifts for lawmakers.

Democratic officials said Wednesday that Senate GOP leader Bob Dole had mentioned the bill recently as one that could be agreed on early in the session. And Sen. Mitch McConnell, R-Ky., said his staff has been drafting a revised bill, working with the American Civil Liberties Union to change some provisions that prompted objections earlier this year.

McConnell said he plans a "new lobby bill which hopefully will not interfere with a citizen's right to petition Congress. At the very least we don't want to have a chilling effect on the rights of people."

Democrats complained bitterly earlier this year that Republicans, backed by well-heeled lobbyists, had trumped up objections to the measure to deny them a pre-election legislative victory.

But the ACLU and some other groups said the Democratic measure would have imposed burdensome reporting requirements on grassroots organizations seeking to lobby Congress.

Swift action would give Senate Republicans a second political reform measure for their early-1995 agenda. One of the first two bills expected to come to a vote would require Congress to live under the same employment laws and other statutes that apply to the rest of the nation. Senate Democrats sought passage for this measure, too, before the elections, but Republicans blocked it.

Dole told reporters on Wednesday another measure that Republicans will pass swiftly next year will shield the states from having to take on burdensome new federal obligations without having the funding to pay for them.

Dole made his comments after meeting privately with House GOP lawmakers, and pledging to work cooperatively on their conservative "Contract With America," an ambitious 100-day plan to shrink government and reduce taxes.

House Speaker-elect Newt Gingrich has called for a vote on Jan. 19 on a constitutional amendment for a balanced budget, and Dole said the proposal would come up early in the year in the Senate, as well.

At the same time, Dole noted Senate rules mean a longer debate for most bills. He cited the bill to bring Congress under compliance with federal laws as an example, estimating the House could pass it in little more than 30 minutes or so, but the Senate might need two days.

A measure to give President Clinton authority to veto individual items without having to reject entire spending bills could take up two weeks in the Senate, Dole said, a reference to what is certain to be strong opposition led by Democrats.

The lobbying reform bill that failed in the last session would have banned most gift-giving to members of Congress by lobbyists and non-lobbyists, including meals, trips and entertainment. McConnell said the new GOP measure would be virtually identical in restricting gifts.

The defeated bill also included changes in the loophole-riddled laws that now regulate them. Lobbyists would be required to register with the government if they seek to influence policy in

either the legislative or executive branch, and to report how much they make and who their clients are.

The House GOP rank and file formally agreed during the day on a rewrite of the House rules along the lines sought by the leadership, and ratified Gingrich's choices for committee chairmen. In two cases Robert Livingston of Louisiana at the Appropriations Committee and Henry Hyde of Illinois at the Judiciary Committee Gingrich and his party deviated from the seniority system, tapping men the incoming speaker hopes will be more aggressive in moving the GOP's campaign platform toward passage.

The Appropriations Committee will be responsible for carrying out deep spending cuts, while the Judiciary Committee has custody of constitutional amendments for a balanced budget and term limits, as well as a crime bill.

The rules changes include one provision barring committee chairmen from serving more than three terms; as well as a requirement for a three-fifths vote for an increase in income tax rates. The GOP initially had envisioned a three-fifths requirement for any revenue increase, but officials became concerned that was too restrictive.

APNP-12-08-94 0849EST

STATEMENT OF PRESIDENT WILLIAM J. CLINTON
LOBBYING REFORM
OCTOBER 6, 1994

I am deeply disappointed in the decision by some Republicans in the Senate to block passage of a strong lobbying reform bill and a tough gift ban. At a time when we ought to be taking government out of the hands of the influence industry, it's a shame that some Republicans have voted to let Congress keep taking free meals, free gifts, and free vacations from lobbyists who don't have to disclose who they work for, how much they're paid, or what they want. The American people deserve better.

TALKING POINTS ON LOBBYING REFORM
OCTOBER 6, 1994

* Today, ___ Republicans voted to let Congress keep taking free meals, free gifts, and free vacations from lobbyists who don't have to disclose who they work for, how much they're paid, or what they want. The American people deserve better.

* There was no excuse for opposing this bill. The only people required to register under the new lobbying reform rules would be paid, professional lobbyists — not ordinary citizens.

* This bill had the support of major religious, grassroots, and reform organizations. Ross Perot's United We Stand endorsed the bill, and its director suggested that "high-powered lobbyists" were spreading misinformation as "a scare tactic to get 'grass-roots people' to kill the bill for them."

* The bill would have banned lobbyists from buying meals, gifts, travel, and entertainment for members of Congress and their staffs. Today's vote means that practice can continue.

investigation of the sensational spy case" that "hundreds of top-secret and other documents are regularly missing from CIA files due to loose inventory controls. And when documents fail to turn up, they are simply written off. Moreover, controls are so lax that dozens of highly classified papers are often left unguarded on desktops," US News reports in its "Washington Whispers" section. Meanwhile, Time (E. Shannon) says newly revealed intelligence documents "illustrate how badly the agency bungled its handling of the agent. Strong evidence of poor performance, and later his treason, were ignored for years by an old-boy network that included friends of Ames' father Carleton, himself a hard-drinking CIA veteran." (US News, Time, 10/24/94)

o Senate Junkets Continue As Lobby Reform Is Defeated; Dole Leads List. Senate Minority Leader Bob Dole (R-KS), "who killed off the lobby-reform bill, knows a lot about the special interest-paid junkets the bill sought to ban," Business Week (R. Dunham) reports. Dole, "among top reform foes...was the top tripmaker in 1993" and financial disclosure forms show "Dole's 12 trips were underwritten by such interests as Archer Daniels Midland, Philip Morris, Ameritech and Deere. Two of the jaunts took Dole, a 1996 White House hopeful, to Iowa, home of the first Presidential caucuses," Business Week says. Other top opponents of lobby reform who took sponsored trips in 1993 listed include: Sens. Dave Durenberger (R-MN) with 11 junkets, Ben Nighthorse-Campbell (D-CO) with 8 junkets and Conrad Burns (R-MT), Slade Gorton (R-WA) and Ernest Hollings (D-SC), with 6 trips each. (Business Week, 10/24/94)

o Grunwald And Carville Linked To Work On Brazilian Election. Clinton's political strategists Mandy Grunwald and James Carville "worked behind the scenes to aid the victor, Fernando Henrique Cardoso" in Brazil's recent elections "but neither...reported the efforts for Cardoso on financial disclosure statements filed with the White House," US News reports in its "Washington Whispers" section. Carville "says he complied with the White House directive requiring him to identify clients for whom he had worked during the six months that ended June 30. Although he acknowledges having spoken to Cardoso in the spring, Carville insists he performed no services until after July 1" and an executive in Grunwald's consulting firm "says she was not involved in working on the Cardoso account," according to US News. (US News, 10/24/94)

o Reich Vexed By Reaction To Glass Ceiling Study. Labor Department officials say corporate America "is frustrating Labor Secretary Robert Reich" because the department's study panel "created in 1991 to figure out ways to crack the 'glass ceiling' stopping women and minorities from reaching business' top echelons has gotten minimal cooperation from companies," Business Week (C. Del Valle) reports. Only 3 of 93 invited companies showed for a recent hearing of Reich's Glass Ceiling Commission in New York. (Business Week, 10/24/94)

o GOP Grumbles About San Diego Convention Hotel. Although the RNC "has not yet signed off on the choice of San Diego as the site of

← E.O. →

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- Conrad
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9/30/94 - 1:30pm draft

RADIO ADDRESS ON POLITICAL

REFORM

October 1, 1994

[774
WORDS]

In 1994, it's clearer than ever that
Americans want a change in the way
Washington works. We have worked hard to
make sure government responds to ordinary
people, not to organized pressure groups -- to
the national interest, not narrow interests.
We've made progress, but we have more work
to do.

Since I became president, we have fought to change the culture of the capital. We imposed the toughest ethics rules ever on our own officials. We closed the tax loophole that let lobbyists deduct their activities. And our initiative to reinvent government, led by Vice President Gore, is already making government work better and cost less.

We're cutting the size of the federal
bureaucracy to its lowest level since John F.
Kennedy was President. And we're using
every dime of the money we save to pay for
tougher law enforcement.

these steps forward
Despite ~~this progress~~, our political system

is still too often an obstacle to change, not an instrument of progress. Here in Washington, some 80,000 paid lobbyists work to influence the government. In the last year we have seen well-organized, lavishly-funded campaigns by people protecting their narrow interests.

The gun lobby nearly derailed a crime bill strongly supported by police and prosecutors, just because it banned assault weapons from our streets. Foes of health reform spent some \$300 million to oppose change. By all accounts, this was the most intense lobbying campaign in history. But rest assured, we're not giving up our fight for health reform.

This week we are working to pass a major reform bill that will go a long way toward taking government out of the hands of the influence industry. This legislation would -- for the first time ever -- require lobbyists to fully disclose who they work for, how much they are paid, and what they are seeking to get out of government.

That's not all it does. ~~Legislation should~~

This bill prevents

~~be decided on the merits.~~ Lobbyists shouldn't

~~be able to buy Members of Congress meals,~~

~~gifts, or vacations.~~ ~~This bill bans all that.~~ It ^{all in all}

is very tough -- and it will ^{really change the way} make a real

Wish does business
~~difference.~~

Not surprisingly, Washington's lobbyists don't like this bill, because it takes away their special access and puts ordinary people on an equal footing. Now, at the last minute, they are trying to defeat lobby reform. Last Thursday, the House of Representatives stood up to the pressure and passed lobby reform. This week, it's the Senate's turn.

The lobbyists and their allies will throw up a lot of rhetoric about how this bill hurts ordinary people. Don't believe it. It's bad news for paid, professional lobbyists -- period -- and that's why the Senate should pass it immediately.

I have fought for reforms like this my entire public career. As Governor of Arkansas, I went to the people of my state and we passed a tough lobby reform bill. I advocated this measure when I ran for President, and since. And I am confident that it will become law.

There is another bill that Congress should pass before it goes home. This would apply the laws that govern the rest of America to Congress itself. This is just good common sense -- and it's only fair. People who make laws for the private sector should live under the laws they make.

Even these important changes would not complete the task of political reform. The way we fund campaigns gives too much power to the special interests, and too often drowns out the voice of the people. We had a chance to change that, but yesterday, a Senate filibuster defeated campaign finance reform legislation.

I was very disappointed by this result. This was a strong bill, real reform, that would have limited spending in congressional races, curbed the political action committees, opened up the airwaves to debate, and closed the so called "soft money" loophole in our presidential election system.

We will not be able to pass campaign finance reform this year. But the fight for campaign reform is far from over. We will return to it next year, with a redoubled determination to get this job done. The American people demand it.

Since I became President, we have made enormous progress in turning our country around. We implemented a comprehensive economic strategy, cut our budget deficit, and created 4.3 million jobs. We enacted a tough crime bill. We expanded trade with Mexico, and negotiated a worldwide trade agreement.

But to finish the work that we've begun, we need to keep changing the way government does the people's business. As we press forward with the fight for political reform, we need your help. Thank you very much.

Date: 09/26/94 Time: 17:13

Lobbying Reforms On Apparent Fast Track in Congress

WASHINGTON (AP) A sweeping package of reforms banning most gifts to members of Congress and imposing strict new reporting requirements on lobbyists won agreement Monday from House and Senate negotiators.

The bill appeared to be on a fast track to passage, with action in the House scheduled for Tuesday. The Senate is expected to act soon afterward, and supporters said they anticipated no major opposition.

"This makes a historic change," said Rep. John Bryant, D-Texas, the bill's chief House sponsor. "These limits have never existed before."

At the core of the bill is a requirement that all professional lobbyists those whose business is to influence government policy register and disclose who they are working for, how much they are paid and the issues on which they are lobbying.

It would, for the first time, cover not only the more traditional approach of lobbying in person, but the growing practice of "grassroots" lobbying generating contacts with Congress by mail, telephone, fax, computer and advertising.

The bill is designed to close loopholes that render the current lobby registration law, in effect since 1947, almost meaningless. Of the more than 10,000 lobbyists estimated to work in Washington, fewer than half are registered under that law. And those who do register seldom report meaningful details about their activities.

More explosive than the new lobbying rules are provisions that would ban virtually all gifts to members of Congress from lobbyists, and bar acceptance of anything more lavish than a \$20 meal from non-lobbyists.

A particular target of Bryant and Senate sponsor Carl Levin, D-Mich., is the free charity golf, tennis and ski outings that have embarrassed lawmakers caught in vacation spots by television cameras. Those trips, where members of Congress rub elbows with lobbyists, would be outlawed under the bill.

Lawmakers still would be able to accept travel expenses if they are related to an official function, such as fact finding or delivering a speech.

Lobbyists would be barred from giving to a member's legal defense fund, or to a charitable foundation controlled by a lawmaker.

Exemptions from the ban included home-state products given for promotional purposes, inexpensive items like T-shirts, and attendance at certain "widely attended" events like receptions and dinners, and meals and entertainment in a lawmaker's home state.

Public interest groups applauded the bill. Common Cause, the self-styled citizens lobby, called it "a major breakthrough in the fight to stop lobbyists from financing the lifestyles of members of Congress."

APNP-09-26-94 1713EDT

**LEVIN-BRYANT PROPOSAL
THE LOBBYING DISCLOSURE ACT**

- * **CLOSES LOOPHOLES IN EXISTING LOBBYING REGISTRATION LAWS.**
- * **COVERS ALL PROFESSIONAL LOBBYISTS, WHETHER THEY ARE LAWYERS OR NON-LAWYERS, IN-HOUSE OR INDEPENDENT, AND WHETHER THEIR CLIENTS ARE FOR-PROFIT OR NON-PROFIT.**
- * **COVERS, FOR THE FIRST TIME, LOBBYING OF POLICY-MAKING OFFICIALS IN THE EXECUTIVE BRANCH.**
- * **REQUIRES DISCLOSURE OF WHO IS PAYING WHOM HOW MUCH TO LOBBY WHAT FEDERAL AGENCIES AND CONGRESSIONAL COMMITTEES ON WHAT ISSUES.**
- * **ENSURES, FOR THE FIRST TIME, DISCLOSURE OF GRASS-ROOTS LOBBYING EXPENSES AND ISSUES.**
- * **STREAMLINES REPORTS AND ELIMINATES UNNECESSARY PAPERWORK.**
- * **PROVIDES, FOR THE FIRST TIME, EFFECTIVE ADMINISTRATION AND ENFORCEMENT OF DISCLOSURE REQUIREMENTS BY AN INDEPENDENT OFFICE.**

RESTRICTIONS ON GIFTS BY LOBBYISTS

MEALS:	BANNED
ENTERTAINMENT:	BANNED
TRAVEL:	BANNED
LEGAL DEFENSE FUND CONTRIBUTIONS:	BANNED
"HARD" GIFTS (ITEMS SUCH AS FRUIT BASKETS):	BANNED

RESTRICTIONS ON GIFTS BY NON-LOBBYISTS

SIMILAR TO BAN ON GIFTS BY LOBBYISTS, WITH THE FOLLOWING MAJOR EXCEPTIONS:

- * FOOD AND REFRESHMENTS OF MINIMAL VALUE (LESS THAN \$20).
- * FOOD, REFRESHMENTS, AND ENTERTAINMENT IN THE MEMBER'S HOME STATE, SUBJECT TO REASONABLE LIMITS SET BY THE ETHICS COMMITTEE.
- * SPONSOR'S GIFT OF ATTENDANCE AT CHARITY FUNCTION OR OTHER WIDELY ATTENDED EVENT.
- * GIFTS BASED ON A PERSONAL OR FAMILY RELATIONSHIP, UNLESS THE MEMBER HAS REASON TO BELIEVE THAT THE GIFT WAS PROVIDED BECAUSE OF THE MEMBER'S OFFICIAL POSITION, AND NOT THE RELATIONSHIP.
- * CONTRIBUTIONS TO LEGAL DEFENSE FUNDS.
- * HOME STATE PRODUCTS OF MINIMAL VALUE.

EXCEPTIONS TO LOBBYIST GIFT BAN

- * FOOD AND REFRESHMENTS OF NOMINAL VALUE THAT ARE NOT OFFERED AS PART OF A MEAL.
- * CAMPAIGN CONTRIBUTIONS AND ATTENDANCE AT POLITICAL EVENTS.
- * INFORMATIONAL MATERIALS.
- * GIFTS FROM CLOSE PERSONAL FRIENDS AND FAMILY MEMBERS WHERE GIVEN FOR A NONBUSINESS PURPOSE, AND COST OF GIFT IS NEITHER DEDUCTED NOR REIMBURSED.

ENFORCEMENT OF LOBBYIST GIFT BAN

- * THE OFFICE OF LOBBYING REGISTRATION AND PUBLIC DISCLOSURE, A NEW INDEPENDENT AGENCY IN THE EXECUTIVE BRANCH, WILL ENFORCE THE BAN ON GIFTS AS IT APPLIES TO LOBBYISTS.
- * THE RULES OF THE HOUSE AND THE SENATE WILL BE AMENDED TO PROHIBIT A MEMBER OR STAFF PERSON FROM ACCEPTING ANY GIFT "KNOWING THAT SUCH GIFT IS PROVIDED BY A LOBBYIST, A LOBBYING FIRM, OR AN AGENT OF A FOREIGN PRINCIPAL IN VIOLATION OF THE LOBBYING DISCLOSURE ACT OF 1994."

RULES FOR PAYMENT OF TRAVEL EXPENDITURES

BANNED:

- * LOBBYIST-PAID TRAVEL BY MEMBER OR STAFF.
- * PAYMENT OR REIMBURSEMENT FOR TRAVEL TO EVENTS THAT ARE SUBSTANTIALLY RECREATIONAL IN NATURE.

PERMITTED:

- * PAYMENT OR REIMBURSEMENT FOR NECESSARY EXPENSES FOR TRAVEL TO A MEETING, SPEAKING ENGAGEMENT, FACTFINDING TRIP OR SIMILAR EVENT IN CONNECTION WITH OFFICIAL DUTIES. NO PAYMENT PERMITTED FOR ENTERTAINMENT UNLESS PROVIDED TO ALL ATTENDEES AS INTEGRAL PART OF EVENT.

REQUIRED:

- * ADVANCE APPROVAL FOR STAFF TRAVEL.
- * DISCLOSURE OF ALL TRAVEL EXPENDITURES WITHIN 30 DAYS OF COMPLETION.
- * MEMBER CERTIFICATION THAT TRAVEL MEETS REQUIREMENTS OF NEW RULES.

Date: 10/01/94 Time: 13:26

Spending Bills Prompt, But Clinton Dislikes Restrictions on Cuts

WASHINGTON (AP) President Clinton touted timely passage of federal spending bills for the new fiscal year but grumbled Saturday that two of them run counter to the administration's efforts to cut the federal workforce.

Clinton signed the last of Congress' 13 annual appropriations bills late Friday. It was the first time since 1948 that all of them became law before the start of the government's new fiscal year.

Clinton hailed finishing "all 13 bills, on time, within the rigid spending restraints required by our economic plan" of last year.

But, in statements issued Saturday, Clinton took issue with provisions in the Defense and Treasury appropriations measures.

Clinton said the Treasury bill contained personnel floors and other restrictions that exclude more than 20,000 workers from reductions, "thereby imposing a greater burden on other agencies."

"While we have made a start on deficit reduction, we cannot fully achieve our goals without making reductions in the federal workforce, fairly apportioned among all departments and agencies."

Clinton also said the Department of Defense bill "limits the administration's flexibility to make reductions in certain personnel categories. ... It will hamper DOD's ability to manage its civilian personnel efficiently."

Clinton, in his weekly radio address, said the administration is working to cut the size of the federal government by 270,000, to its lowest level since the Kennedy administration. So far, there are 70,000 fewer people on the payroll, he said.

On another matter, Clinton said the Defense bill, which contains \$229,000 for emergency relief for Rwanda and for handling Cuban refugees, was inflexible "concerning the U.S. mission and military participation in Rwanda." He said he would, nonetheless, use his authority to conduct foreign policy and act as commander in chief.

APNP-10-01-94 1327EDT

Date: 10/06/94 Time: 15:56

Grassroots Groups Fire Up Faxes, Phones and Airwaves

WASHINGTON (AP) Grassroots lobbying groups evaded new government regulation Thursday by deploying their modern weapons: the fax machine, the computer and the airwaves.

A tide of telephone calls to Capitol Hill swamped the last remaining piece of President Clinton's reform agenda and proved anew that technology in the hands of an activist corps can change reality in Washington virtually overnight.

"What it ultimately shows is that an increasingly sophisticated network of technologically proficient grassroots activists is now more effective than big-foot lobbyists wearing Armani suits on Capitol Hill," said Ralph Reed, president of the Christian Coalition.

A supporter of the defeated lobbying legislation, Sen. Carl Levin, D-Mich., said that regardless of the methodology, "It was a victory for the special interests."

The lobbying bill would have imposed strict new reporting requirements on paid professional lobbyists and at the same time a virtual ban on gifts to members of Congress from lobbyists and non-lobbyists alike. Until last week, the bill was seen as a political imperative, a much-needed gesture to help dispel public cynicism about Congress.

But on Thursday, supporters of the bill said it was all but dead for the year after the Senate voted 52-46 to keep alive a Republican filibuster against it. With barely more than a day left in this year's scheduled congressional session, there appeared little chance the measure could be revived.

Reed's group and conservative allies like the U.S. Chamber of Commerce and the Family Research Council began their attack last week, working closely with House Minority Whip Newt Gingrich, R-Ga., who began denouncing the bill on the House floor late Monday night.

At the same time, GOP fax machines were churning out alerts calling the bill a "gag rule on grassroots." By mid-day Tuesday, the bill that earlier had received overwhelming House approval could barely squeak past a key procedural test, 216-205.

Reed said the Christian Coalition had activated a national fax network linking 1,000 local chapters, each with its own fax or telephone tree numbering in the hundreds.

At the same time, he notified televangelist Pat Robertson, who repeated the warning on his "700 Club" cable TV program and flashed the telephone number for the U.S. Capitol switchboard. And Reed posted the warning on computer bulletin boards on Compuserve and the Internet.

The Family Research Council also weighed in, alerting Christian activist James Dobson, who put the message out on his television show. And talk show host Rush Limbaugh made the topic a feature of his radio program.

Chamber of Commerce fax machines ground out thousands of alerts on the Grassroots Action Information Network, while the organization sent 2 1/2-page sets of "talking points" for senators

to use against the bill.

And the American Society of Association Executives a special-interest group for lobbyists fired up its members with a bulletin that concluded: "There is no time to send a letter. You must call or send faxes to your senators today."

The coalition against the bill broadened to include the American Civil Liberties Union, which said it raised constitutional concerns; the National Restaurant Association; the American Farm Bureau; the Realtors; the National Rifle Association; the Federation of American Scientists and several dozen others.

By Wednesday of this week, the groups' lobbyist footsoldiers in the halls of the Capitol began to sense victory, aided by a Senate rule that necessitated a two-thirds majority to break through a filibuster against the bill.

In the end, 36 Republicans were joined by 10 Democrats in blocking the bill, virtually killings its chances for passage in the congressional session's waning hours.

Among those voting to keep the bill submerged was Sen. Robert Byrd, D-W.Va., who said he had heard constituent fears. "I do not believe that these concerns are warranted. Further, I believe that they are based on a deliberate campaign of misinformation. However, my constituents sincerely are concerned and for that reason I voted" to hold up the bill, he said in a statement.

"It was one of the best demonstrations yet of the ability of the right wing, and especially the commentators, to frame the issue," said Sen. Tom Daschle, D-S.D. "The truth had nothing to do with it. It was probably the best-coordinated misinformation campaign since health care."

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60P

Yes

Cohen
Haff
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Jeffords
Roth
Braun
Specter

No

Nickles
Wallop
Bennett
Dole
Domenici
Lott
McConnell
Hatch
Helm
Gorton
Pressler
Packwood
Thurmond
Kempthorne
Kassebaum
Gramm
Danforth
Cassley
Simpson
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Murkowski
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DEM NO'S

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52-46

-smokescreen-

REGO

100 Nickles
1st in half = conf
\$200,000 fine
register and give people the gift

M W /

Thanks. I like it
a lot. I'll get to
work on it ASAP.

Stone
9 AM Fri

**JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF
CONFERENCE**

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 349), to provide for the disclosure of lobbying activities to influence the Federal Government, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment that is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clerical changes.

The House amendment to the text of S. 349 struck out all of the Senate bill after the enacting clause and inserted a substitute text. The Senate recedes from its disagreement to the amendment of the House with a further amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, House amendment, and substitute agreed to in conference are noted below, except for clerical corrections, structural changes, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE I: LOBBYING DISCLOSURE

SECTION 101. SHORT TITLE. Section 1 of the Senate bill and the House amendment contain the short title of the bill. Section 101 of the conference amendment would provide that Title I of the bill may be referred to as the "Lobbying Disclosure Act of 1994".

SECTION 102. FINDINGS. Section 2 of the Senate bill contains a statement of findings and purpose for the legislation. Section 2 of the House amendment would retain the statement of findings from the Senate bill, but delete the statement of purpose. The conference amendment would adopt the House provision.

SECTION 103. DEFINITIONS. Section 3 of the Senate bill and the House amendment contain definitions of key terms used in the bill. Section 103 of the conference amendment would resolve the differences between the Senate bill and the House amendment as follows.

Section 103(1): Definition of "Agency". Section 3(1) of the Senate bill and the House amendment would define the term "agency" to have the meaning given that term in Title 5 of the U.S. Code. The conferees agree to this provision.

Section 103(2): Definition of "Client". The Senate bill would define the term "client" to mean any person who employs or retains another person for financial or other compensation to conduct lobbying activities on its own behalf. The House amendment contains a similar definition, which differs from the Senate bill in that it would: (1) expressly include entities such as State and local governments in the definition of the term; (2) include a person who pays a lobbyist to conduct lobbying activities on behalf of another person; and (3) provide that, in the case where a coalition or association employs or retains a lobbyist, the client is (a) the coalition or association if the lobbying is conducted on behalf of the membership generally and paid for out of general dues or assessments; and (b) an individual member or members, if the lobbying is financed separately by such member or members.

On the first issue, the conference amendment would expressly include State and local governments in the definition of clients. This would be done through a new definition of the term "person or entity" in section 103(16), which would include State and local governments. This means that when a State or local government employs or retains an outside lobbyist or lobbying firm, the outside lobbyist or lobbying firm would be required to register. Officers or employees of a State or local government who engage in lobbying activities on behalf of that government in their official capacity would remain exempt from coverage under the public official exception in section 103(10)(B)(1) of the bill.

On the second issue, the conference amendment would adopt the Senate approach, with a clarifying amendment. As under the Senate bill, a separate provision (section 104(b)(5)) would require registrants to disclose the identity of a third party who pays for lobbying activities on behalf of the client, but such a third party would not be included in the definition of the term "client". Unlike the Senate bill, this disclosure requirement would apply to both in-house lobbyists and lobbying firms.

On the third issue, the conference amendment would adopt the House approach, with an amendment clarifying that the client would be a member or members of a coalition or association if the lobbying is conducted on behalf of and paid for by just a few members. This provision should prevent the use of coalitions or associations as fronts for lobbying that is really conducted on behalf of and paid for by just a few of their members.

Section 103(3): Definition of "Covered Executive Branch Official". The Senate bill would define the term "covered executive branch official" to include, the President and Vice President; any officer or employee in the Executive Office of the President; any officer or employee serving in an Executive level position or in the Senior Executive Service; any member of the uniformed services at a pay grade of O-7 or higher; and any Schedule C employee. The House amendment contains a similar definition, which differs from the Senate bill in that it would: (1) include the President-elect and the Vice President-elect in the definition; (2) include "any individual functioning in the capacity of officer or employee on an unpaid basis"; and (3) clarify that the term "covered legislative branch official" would include all Schedule C employees.

The conference amendment would adopt a compromise approach. On the first point the conference amendment would not include the President-elect or the Vice President-elect in the definition.

On the second point, the conference amendment would include in the definition of covered executive branch officials any officer or employee in the Executive Office of the President and

any other individual functioning in the capacity of such an officer or employee. This term would include a special government employee and any other individual (including the spouse of an elected official) who is retained, designated, appointed or employed to perform duties like those of an employee without compensation. HRC

On the third point, the conference amendment would adopt a compromise approach. The phrase "position of a confidential, policy-determining, policy-making, or policy-advocating character" includes Schedule C employees. Positions described in section 7511(b)(2) of title 5 include, among others, Schedule C employees. It is the intent of the conferees that all Schedule C employees be included in the definition of "covered executive branch officials".

Section 103(4): Definition of "Covered Legislative Branch Official". The Senate bill would define the term "covered legislative branch official" to include Members, officers and employees of the House, the Senate, and joint Committees of the House and Senate. The House amendment contains a similar definition, which differed from the Senate bill in that it would include: (1) Members-elect of the Congress; (2) employees of any working group or caucus organized to provide legislative services to Members of Congress; and (3) "any individual functioning in the capacity of an employee" of Congress on an unpaid basis.

The conference amendment would adopt a compromise approach. On the first point the conference amendment would not include Members-elect in the definition.

On the second point, the conference amendment would adopt the House language covering employees of a working group or caucus. This provision would cover any employee of an official congressional working group or caucus whose salary is paid out of legislative branch funds.

On the third point, the conference amendment would include in the definition of covered legislative branch officials any employee of the Congress and any other individual functioning in the capacity of such an employee. The term would include any individual (including the spouse of an elected official) who is retained, designated, appointed or employed to perform duties like those of an employee with or without compensation.

Section 103(5): Definition of "Director". The Senate bill and the House amendment would define the term "director" to mean the Director of the Office of Lobbying Registration and Public Disclosure. The conferees agree to this provision.

Section 103(6): Definition of "Employee". The Senate bill would define the term employee broadly to include any individual

who is an officer, employee, partner, director, or proprietor of a person or entity. The definition would expressly exclude independent contractors and other agents who are not regular employees and volunteers who receive no financial compensation. The House amendment differs from the Senate bill in that: (1) it would include persons acting in the capacity of government employees in the definition of the term; and (2) it would not include any reference to "other agents who are not regular employees".

On the first point, the conference amendment would adopt the Senate language. The conferees determined that the House language is unnecessary because persons acting in the capacity of government employees would be specifically included in the definitions of covered legislative branch officials and covered executive branch officials under sections 103(3) and 103(4).

On the second point, the conference amendment would adopt the House language. The conferees concluded that the phrase "agents who are not regular employees" is unnecessary, as such individuals would be covered by the exclusion of independent contractors.

Section 103(7): Definition of "Foreign Entity". The Senate bill would define a foreign entity in the same terms currently used in the Foreign Agents Registration Act to define the term "foreign principal". The House amendment would directly cross-reference the definition of "foreign principal" in the Foreign Agents' Registration Act, without repeating the language of that Act. The conference amendment would adopt the House language.

Section 103(8): Definition of "Grass Roots Lobbying Communications". The Senate bill refers to grass roots lobbying communications "as defined under section 4911(d)(1)(A) and (d)(3) of the Internal Revenue Code of 1986 and the regulations implementing such provisions", but contains no separate definition of the term. The House amendment would define "grass roots lobbying communications" to include communications that attempt to influence legislation through communications with the general public; communications between organizations and their members with an intent to influence such members to contact public officials on matters of public policy; and communications between organizations and their members with an intent to encourage such members to urge other persons to attempt to influence legislation.

The conference amendment would adopt the House definition of the term "grass roots lobbying communications" with a further amendment to clarify that the definition includes communications intended to influence executive branch officials and executive branch actions in addition to communications intended to influence legislative branch officials and legislative branch

actions. Nothing in the conference amendment would require a person or entity to register as a lobbyist because the person or entity engages in grass roots lobbying communications, unless the person or entity also makes one or more lobbying contacts and otherwise qualifies as a "lobbyist".

The term "bona fide member" of an organization, as used in this paragraph, would have the same scope that term is given in the related contexts covered by section 4911 of the Internal Revenue Code (see 26 C.F.R. 56.4911-5(f)) and by the Federal Election Campaign Act (see 11 C.F.R. 114.1(e)). In particular, the term is intended to include any person who: (a) pays dues or makes more than a nominal contribution to the organization; (b) contributes more than a nominal amount of time to the organization; (c) is one of a limited number of "honorary" or "life" members of an organization; or (d) is a member of another organization that is an affiliate of the organization (for example, members of the local chapter of an organization may be considered to be members of the national or international organization of which the local organization is a chapter).

Section 103(9): Definition of "Lobbying Activities". The Senate bill would define the term "lobbying activities" to mean lobbying contacts and efforts in support of such contacts, including preparation and planning activities, research and other background work that is intended for use in contacts, and coordination with the lobbying activities of others. The Senate bill would expressly include grass roots lobbying communications in the definition of lobbying activities. The House amendment contained a similar definition, which differed from the Senate bill in that it would: (1) clarify that research and other background work is included in the definition of lobbying activities only if intended at the time of its preparation for use in a lobbying contact; (2) provide a specific list of activities which are excluded from the definition of "lobbying contact", but may be lobbying activities, if performed in support of a lobbying contact; and (3) provide that grass roots lobbying communications by churches, their integrated auxiliaries, conventions or associations of churches, and religious orders are exempt from the definition of lobbying activities.

On the first issue, the conference amendment would adopt the House language, clarifying that research and other background work is included in the definition of lobbying activities only if it is intended for use in a lobbying contact at the time of its preparation.

On the second issue, the House amendment would provide a specific list of activities which are excluded from the definition of a "lobbying contact", but would be a lobbying activity, if performed in support of a lobbying contact. It is the intent of the conferees that such communications be

considered to be lobbying activities. For this reason, the conference amendment would provide that communications in support of a lobbying contact are included as lobbying activities, even if those communications are of a type expressly excluded from the definition of "lobbying contact". As provided in the House bill, such communications would include the following, if they are made in support of a lobbying contact:

A communication made in a speech, article, publication or other material which is widely distributed to the public or through the media (section 103(10)(b)(iii));

A request for a meeting, a request for the status of an action, and any other similar administrative request (section 103(10)(b)(v));

Congressional testimony (section 103(10)(b)(vii)); and

Information provided in writing in response to a written request for specific information (section 103(10)(b)(viii)).

Other types of communications that are expressly excluded from the definition of lobbying contacts would also be lobbying activities if they are made in support of a lobbying contact. For example, if a person makes a lobbying contact by seeking private relief legislation on behalf of an individual, communications in support of that effort would be considered to be lobbying activities, even if they otherwise would be excluded from the definition of lobbying contacts because they pertain to benefits for an individual.

On the third issue, the conference amendment would adopt the House language with a further amendment clarifying that grass roots lobbying communications of churches are included in the definition of lobbying activities if they are conducted by an outside lobbyist, outside lobbying firm, or other outside firm making grass roots lobbying communications on behalf of a church. The exemption for grass roots lobbying communications is intended to avoid excessive regulatory entanglement in the internal affairs of churches; for this reason, the exemption would extend only to officers and employees of such churches and not to outside lobbyists who may be engaged to represent the interests of churches.

The exemption for grass roots lobbying communications would apply only to churches, their integrated auxiliaries, conventions or associations of churches, and religious orders that are exempt from filing a Federal income tax return under paragraph 2(a)(1) or 2(a)(iii) of section 6033(a) of the Internal Revenue Code of 1986. The conferees intend for "integrated auxiliaries" to include "internally supported church organizations", as more

fully described in the Internal Revenue Service's Rev. Proc. 86-23, 1986-1 C.B. 564.

Section 103(10): Definition of "Lobbying Contact". The Senate bill would define the term "lobbying contact" to mean any oral or written communication with a covered legislative or executive branch official that is made on behalf of a client with regard to matters of public policy. The Senate bill contains sixteen listed exclusions from this definition.

The House amendment contains a similar definition, which differs from the Senate bill in that it would: (1) expressly include in the definition of lobbying contact lobbying on the nomination or confirmation of a person subject to confirmation by the Senate; (2) modify the exclusion for contacts that are disclosed under the Foreign Agents Registration Act; (3) clarify the exclusion for a communication made with regard to judicial proceedings and filings that are specifically required by statute or regulation to be maintained or conducted on a confidential basis; (4) clarify that a contact with regard to private relief legislation is considered to be a lobbying contact; (5) use a different formulation to refer to contacts on routine administrative matters that are exempt from the definition of lobbying contacts; and (6) modify the Senate provision excluding "a formal petition for agency action" from the definition of lobbying contacts, by dropping the word "formal".

On the first point, the conference amendment would adopt the House language expressly including lobbying on nominations and confirmations.

On the second point, the conference amendment would adopt the House language modifying the exclusion for contacts on behalf of foreign governments or political parties that are disclosed under FARA.

On the third point, the conference amendment would also adopt the House language. The conferees do not intend to interfere with the conduct of judicial proceedings or civil or criminal law enforcement matters, or to require the disclosure of communications regarding filings or proceedings that are required by law or regulation to be conducted by the government on a confidential basis. For this reason, the conference amendment would not require disclosure of communications regarding such proceedings, filings, or matters (whether made by an attorney or by anybody else), as long as there is no effort to lobby officials outside the agency responsible for handling the matter. While this exemption would cover many agency proceedings in which private parties are customarily represented by attorneys, it would not cover all such proceedings (only those which are required by law or regulation to be conducted by the government

on a confidential basis), nor would it make any distinction between attorneys and non-attorneys.

The conferees intend that the Office of Lobbying Registration and Public Disclosure should develop and include in implementing regulations a list of specific types of filings and proceedings that fall into this category, with specific citation to the statute or regulation that requires confidentiality. In developing this list, the Director should consider the views of the American Bar Association and other interested parties.

On the fourth point, the conference amendment would adopt a compromise approach, providing that a contact with regard to private relief legislation is considered to be a lobbying contact, unless such contact is made to the individual's own elected Members of Congress or employees who work under such Members' direct supervision. For the purpose of this provision, an individual's elected Members of Congress would be the two Senators representing the State and the Member of the House of Representatives representing the congressional district in which the individual resides.

On the fifth point, the conference amendment would exclude from the definition of lobbying contacts requests for meetings, requests for status of an action, or other similar administrative requests, as long as there is no attempt to influence a covered official. The phrase "other similar administrative requests", as used in this paragraph, means routine requests, such as requests for transcripts or hearing records, requests for copies of forms or regulations, requests for a room number or the location of an event, and requests for the time and place of a public meeting.

On the sixth point, the conference amendment would adopt a compromise approach, excluding from the definition of lobbying contacts a petition for agency action that is made in writing and required to be a matter of public record pursuant to established agency procedures. Under this provision, applicable agency procedures must require both that the petition be made in writing and that it be a matter of public record. For the purpose of this provision, a document would be "a matter of public record" if it is maintained in a public docket or other files open to the public. A document would not be "a matter of public record" merely because it may be subject to disclosure under the Freedom of Information Act.

In addition, the House amendment contains two exclusions to the definition of lobbying contact which are not included in the Senate bill:

- o an exclusion for a contact by a church, its integrated auxiliaries, a convention or association of churches, or a religious order, if the contact constitutes the free

exercise of religion or is for the purpose of protecting the right to the free exercise of religion; and

- o an exclusion for contacts between officials of self-regulatory organizations and the responsible Federal regulatory agency, which would apply to contacts relating to the regulatory responsibilities of the organization.

The conference amendment would adopt the House provisions, with minor modifications to clarify the language of the House amendment. The conferees understand that the two new exclusions adopted from the House bill would apply only to contacts by officers and employees; neither exclusion would apply to contacts that may be made by outside lobbyists or lobbying firms. Outside lobbyists and lobbying firms would be required to register in connection with such contacts in the same manner as they register in connection with contacts that are made on behalf of other clients:

The exclusion for certain communications by a church, its integrated auxiliary, or a convention or association of churches would apply only to such an organization that is exempt from filing a Federal income tax return under paragraph 2(a)(1) of section 6033(a) of the Internal Revenue Code of 1986. The conferees intend for an "integrated auxiliary" to include "internally supported church organizations" as more fully described in the Internal Revenue Service's Rev. Proc. 86-23, 1986-1 C.B. 564. The exclusion for certain communications by a religious order would apply only to a religious order that is exempt from filing a Federal income tax return under paragraph 2(a)(iii) of section 6033(a) of the Internal Revenue Code of 1986.

The self-regulatory organizations covered by the second exemption would be those recognized by the Securities and Exchange Commission. These are the American Stock Exchange, the Boston Stock Exchange, the Chicago Board Options Exchange, the Chicago Stock Exchange, the Pacific Stock Exchange, the Philadelphia Stock Exchange, the National Association of Securities Dealers, the Boston Stock Exchange Clearing Corporation, the Delta Government Options Corporation, the Depository Trust Corporation, the Government Securities Clearing Corporation, the Intermarket Clearing Corporation, the International Securities Clearing Corporation, the MBS Clearing Corporation, the Midwest Clearing Corporation, the Midwest Securities Trust Corporation, the National Securities Clearing Corporation, the Pacific Clearing Corporation, the Pacific Securities Trust Company, the Participants Trust Company, the Philadelphia Depository Trust Company, the Stock Clearing Corporation of Philadelphia, and the Municipal Securities Rulemaking Board.

Under the conference amendment, these organizations would not be required to register in connection with communications made by their employees to officials of the Security and Exchange Commission, with respect to the self-regulatory duties and responsibilities of the organizations. Communications with other agencies or with Congress, and communications with the SEC with regard to other matters, would require registration to the extent that the other provisions of the bill apply.

Section 103(11): Definition of "Lobbying Firm". The Senate bill would place certain requirements on a registrant that engages in lobbying activities on behalf of a client other than the registrant. The House amendment contains similar requirements. However, neither the Senate bill nor the House amendment would provide a name for such an entity. The conference amendment would clarify the bill by defining such an entity as a "lobbying firm". Under the conference amendment, any entity that has one or more employees who are lobbyists on behalf of a client other than that person or entity would be a lobbying firm. A self-employed individual who is a lobbyist would also be a lobbying firm.

Section 103(12): Definition of "Lobbyist". The Senate bill would define the term "lobbyist" to mean any individual who is employed or retained by a client for financial or other compensation to perform services that include lobbying contacts, other than an individual whose lobbying activities are only incidental to, and are not a significant part of the services provided by such individual to the client. The Senate report explains that, as a rule of thumb, "any individual whose lobbying activities constitute less than 10% of the services he or she provides to his or her client is engaged only in incidental and insignificant lobbying activities and would not be covered by the bill." The House amendment would expressly exclude any individual whose lobbying activities "constitute less than 10 percent of the time engaged in the services provided by such individual to that client."

The conference amendment would adopt the House language, with a further amendment (in section 120(f)), providing that organizations reporting lobbying expenditures to the Internal Revenue Code under 26 U.S.C. may use the accounting systems set up to comply with IRS regulations to determine whether the 10% threshold has been met. Under this provision, the 10% test would work on a client-by-client basis. The percentage to be used in the test would be the amount of time an individual spends on lobbying activities for a client, as a percentage of the total amount of time the individual spends working for that same client.

The conferees intend that the 10% test, like the other standards in the bill, may be met on the basis of a good faith

estimate. However, potential registrants should use the best information available to them in making a determination whether the 10% test is met. For example, individuals who are required to keep time records for tax, billing, or other purposes should rely upon those records in making their estimates.

The conferees note that this definition would cover only lobbying contacts that are "made on behalf of a client". It would not cover lobbying contacts of an individual acting on the individual's own behalf. For this reason, the bill would have no applicability to an employee of an educational institution, such as a faculty member, who tries to influence government decisions by expressing his or her own personal opinions about an issue of public policy. Like any other individual who chooses to express his or her own personal views to government officials, the faculty member would not be included in the definition of the term "lobbyist". The only case in which faculty lobbying would be covered is where the faculty member acts on behalf of the institution -- for example, by seeking to obtain increased federal funding or other special treatment for the institution.

Section 103(13): Definition of "Media Organization". The Senate report states that the term "media organization" was intended to have the same meaning as the term "representative of the news media" in the Administrative Procedure Act. However, the Senate bill does not contain a definition of the term. The House amendment includes such a definition as a subparagraph in the definition of the term "lobbying contact". The conference amendment would adopt the House definition as a free-standing provision.

Section 103(14): Definition of "Member of Congress". The House amendment includes a definition of the term "Member of Congress" as a subparagraph in the definition of the term "covered legislative branch official". The conference amendment would adopt the House definition as a free-standing provision.

Section 103(15): Definition of "Organization". The Senate bill would define the term "organization" to mean any corporation (excluding a government corporation), company, foundation, association, labor organization, firm, partnership, society, joint stock company, or group of organizations, excluding Federal, State and local governments. The House amendment contains a similar definition, but would not exclude government corporations or Federal, State and local governments. Neither the Senate bill nor the House amendment contains a definition of the term "person or entity".

The conference amendment would clarify the language of both the Senate bill and the House amendment by including a new definition of the term "person or entity". The term "organization" would be defined as any person or entity other

than an individual.

Section 103(16): Definition of "Person or Entity". Section 103(16) would add a new definition of the term "person or entity". The term person or entity would mean any individual, corporation, company, foundation, association, labor organization, firm, partnership, society, joint stock company, group of organizations, or State or local government. The inclusion of State and local governments in the definition in the term "person or entity" would mean that although public officials acting in their official capacity are exempt from registration as lobbyists, State and local governments may be clients. Consequently, outside lobbyists and lobbying firms representing such entities would be required to register in connection with such representation.

Section 103(17): Definition of "Public Official". The Senate bill would define the term "public official" to mean any elected or appointed official who is a regular employee of a Federal, State or local unit of government (other than a State college or university), an organization of State or local elected officials, an Indian tribe, a national or State political party, or a national, regional or local unit of a foreign government. The House amendment contains a similar definition, which differs from the Senate bill in that it would expressly exclude employees of government-sponsored enterprises and public utilities that provide gas, electricity, water, or communications from the definition of public officials. The term "public official" would also include an elected or appointed official who is a regular employee of a public entity formed by two or more federal, state, or local units of government (other than units of government described in clause (i), (ii), (iii), (iv), or (v) of paragraph (A)).

The conference amendment would adopt the House language, with a further amendment clarifying that employees of state student loan secondary markets and guaranty agencies, like employees of GSE's and public utilities, are excluded from the definition of public officials and would be required to register in connection with their lobbying activities (if they meet the other tests in the bill).

SECTION 104. REGISTRATION OF LOBBYISTS. Section 4 of the Senate bill and the House amendment contain requirements for the registration of lobbyists. Section 104 of the conference amendment would resolve the differences between the Senate bill and the House amendment as follows.

Section 104(a): Requirement to Register. Section 4(a) of the Senate bill would require lobbyists to register within 30 days after making a lobbying contact or agreeing to make a lobbying contact. (A separate provision of the Senate bill,

section 4(c)(2), would require organizations employing lobbyists to register on behalf of the lobbyists that they employ). This section would exclude from the registration requirement any organization whose total lobbying expenses did not exceed \$1,000 in a semi-annual period on behalf of a particular client, or \$5,000 in a semi-annual period on behalf of all clients, and would provide for inflation adjustments to be made to these dollar amounts every five years.

Section 4(a) of The House amendment contains a similar registration requirement, which differs from the Senate bill, in that it would -- (1) move the requirement for organizations to register on behalf of all of their employees who are lobbyists to section 4(a)(2); (2) set the threshold for registration at \$2,500 in a semi-annual period; and (3) require inflation adjustments to be made every four years, instead of every five years, as in the Senate bill.

On the first issue, the conference amendment would adopt the House approach, with a clarifying amendment. Under the conference amendment, any organization having one or more employees who are lobbyists must file a single registration for each client, covering all lobbying contacts made by the registrant and its employees on behalf of the client. The conferees believe that the bill is clarified by placing the requirement that organizations register on behalf of all of their individual employees who are lobbyists in the registration paragraph itself.

On the second issue, the conference amendment would take the Senate approach, with the threshold set at \$5,000 for organizations that lobby on their own behalf and at \$2,500 per client for lobbying firms. As in both the Senate bill and the House amendment, these dollar thresholds would apply to the lobbying income or expenditures (as applicable) of an entire organization -- not to the income or expenditures of an individual lobbyist for the organization.

On the third issue, the conference amendment would provide for inflation adjustments to be made every four years and rounded to the nearest \$500.

Section 104(b): Contents of Registration. Section 4(b) of the Senate bill would require that each registration include:

- o the name, address, and principal place of business of the registrant and the client;
- o the name, address, and principal place of business of any organization which is similar to a client, in that it -- (a) contributes more than \$5,000 toward the lobbying activities; (b) significantly participates in the planning, supervision

or control of such lobbying activities; and (c) has a direct financial interest in the outcome of the lobbying activities;

- o the name, address, and principal place of business of any foreign entity that has an interest in the outcome of the lobbying activity;
- o a statement of the general issue areas in which the registrant expects to engage in lobbying activities; and
- o the name of each employee whom the registrant expects to act as a lobbyist on behalf of the client (and any covered legislative branch or covered executive branch position in which any such lobbyist has served in the previous two years).

The House amendment contains similar requirements for the contents of a registration, but differs from the Senate bill in that: (1) the requirement to identify organizations that are similar to clients would be modified to (a) include organizations that have agreed to contribute to the lobbying activities, but have not yet done so; and (b) delete the requirement that the organization have a direct financial interest in the outcome of the lobbying activities; (2) a new requirement would be added to disclose the dollar amount of any contribution in excess of \$5,000 to the lobbying activities of the registrant by a foreign entity; and (3) a new requirement would be added to disclose the name, address, and principal place of business of any outside firm retained by the registrant to conduct grass roots lobbying activities.

On the first issue, the conference amendment would strike a compromise between the Senate bill and the House amendment. Under the conference amendment, as under the Senate bill, only organizations that have actually contributed to lobbying activities (and not those that had merely agreed to do so) would be disclosed. As in the case of disclosure of lobbying income and expenses (see page 22 of the Senate report), this language would give the Director flexibility to determine whether a contribution is made at the time an obligation is incurred (rather than the time a payment is made), to the extent necessary to preclude evasion.

Like the House amendment, the conference amendment would drop the requirement that the organization have a direct financial interest in the outcome of the lobbying activities. This change would place coalitions and associations of non-profit entities (which are unlikely to have a direct financial stake in the outcome of their lobbying activities) on the same footing as

coalitions and associations of for-profit entities (which are more likely to have such a stake).

In many situations, organizational members of a trade association, a labor federation, or another multi-tiered membership organization may be represented on the organization's governing board. So long as the board consists of a large number of members, none of whom has a disproportionate vote in the decisions of the board, such representation, standing alone, would not be enough to bring the constituent organization within the "significant participation" test in paragraph (3)(B).

On the second issue, the conference amendment would adopt the House approach. For the purpose of disclosing contributions in excess of \$5,000 under this section, a contribution by a foreign entity to a client that is not specifically earmarked or designated for the lobbying activities of the registrant should be allocated in a reasonable manner to the lobbying and non-lobbying activities of the client. The IRS regulations on allocation of costs to lobbying activities for the purposes of section 162(e) of the Internal Revenue Code (26 C.F.R. 1.162-28) provide useful guidance as to how such allocations may be made. A person or entity that is required to make such an allocation for IRS purposes may reasonably allocate contributions from foreign entities in the same manner and the same percentages for the purposes of this requirement.

The conference amendment would also modify the paragraph on disclosure of foreign entities to require the disclosure of any foreign entity that directly or indirectly, in whole or in major part plans, supervises, controls, directs, finances, or subsidizes the activities of the client or any organization identified under paragraph (3). For the purposes of this paragraph, any foreign entity that provides more than 20% of the funding of a client would be considered to have financed or subsidized the activities of the client in whole or in major part for the purposes of this paragraph.

On the third issue, the conference amendment would adopt the House language. This provision would require the disclosure of any outside firm that is retained by a registrant to conduct grass roots lobbying activities.

Section 104(c): Guidelines for Registration. Section 4(c) of the Senate bill contains (a) a rule on multiple clients, which would require that a registrant representing more than one client register separately in connection with each client represented and (b) a rule on multiple lobbyists, which would require that each organization having one or more employees who are lobbyists file a single registration on behalf of all such employees. The House amendment contains similar provisions and adds a rule on multiple contacts, which provides that a registrant whose

employees make multiple lobbying contacts on behalf of the same client would be required to file a single registration in connection with such contacts.

The conference amendment would delete from section 104(c) the rule on multiple lobbyists, as a similar provision is included in section 104(a) of the conference amendment. The conference amendment would adopt the House provision on multiple lobbying contacts, with a further amendment clarifying the language of the provision.

Section 104(d): Termination of Registration. The Senate bill contains no provision for the termination of a registration. The House bill contains a provision, section 4(d), which would require registrants that do not anticipate engaging in additional lobbying activities to notify the Office of Lobbying Registration and Public Disclosure that they have terminated their lobbying activities. The conference amendment would authorize (but not require) a registrant to terminate its registration by notifying the Office, if the registrant is no longer employed or retained by the client to conduct lobbying activities and does not anticipate any additional lobbying activities for the client in the future.

SECTION 105. REPORTS BY REGISTERED LOBBYISTS. Section 5 of the Senate bill and the House amendment provide for reports by registered lobbyists. Section 105 of the conference amendment would resolve the differences between the Senate bill and the House amendment as follows.

Section 105(a): Reporting Requirement. Section 5(a) of the Senate bill would require registrants to file semi-annual reports on their lobbying activities in January and July of each year in which they are registered. A separate provision in section 105(c)(3) would exempt from this requirement any registrant whose total lobbying expenses do not exceed \$1,000 in a semi-annual period on behalf of a particular client, or \$5,000 in a semi-annual period on behalf of all clients. The House amendment contains a similar provision, which differs from the Senate bill, in that the House amendment would: (1) expressly provide for a separate report to be filed for each client of the registrant; and (2) set the threshold for reporting at \$2,500 per client.

On the first issue, the conference amendment would adopt the House language requiring a separate report for each client of the registrant. The conferees understand that there may be some cases in which several members of a coalition or association jointly sponsor a single lobbying effort. In this case, the client, as defined in section 103(2) of the bill, would be the those members, collectively. Because section 103(2) uses the singular "client" to refer to these members, only a single report (naming as the client those members of the coalition or

association on whose behalf the lobbying is conducted) would be required.

On the second issue, the conference amendment would take the Senate approach, with the threshold set at \$5,000 for registrants that lobby on their own behalf and at \$2,500 per client for lobbying firms.

Section 105(b): Contents of Reports. Section 5(b) of the Senate bill would require that each lobbying report contain --

- o the name of the registrant, the name of the client, and any changes or updates to the information provided in the initial registration;
- o for each general issue area in which the registrant engaged in lobbying activities: (a) a list of specific issues on which the registrant engaged in significant lobbying activities; (b) a statement of the Houses and committees of Congress and the Federal agencies contacted by the registrant's lobbyists; (c) a list of the employees of the registrant who acted as lobbyists during the period; and (d) a description of the interest, if any, of any foreign affiliate or contributor in each of the specific issues on which the registrant lobbied;
- o in the case of a lobbying firm, a good faith estimate, by category of dollar value, of all income from the client, other than income for matters that are clearly unrelated to lobbying activities;
- o in the case of in-house lobbying, a good faith estimate, by category of dollar value, of all expenses incurred by the registrant and its employees in connection with lobbying activities; and
- o in the case of a lobbying firm, the name, address and principle place of business of any person other than the client who paid the registrant to lobby on behalf of the client.

Section 5(b) of the House amendment contains similar reporting requirements, which differ from the Senate bill, in that the House amendment would: (1) require a list of all specific issues upon which the registrant engaged in lobbying activities; (2) require the identification of the specific issues on which an outside firm retained by the registrant engaged in grass roots lobbying communications on behalf of the client; (3) require a separate good faith estimate, by category of dollar value, of the total expenses that the registrant and its employees incurred in connection with grass roots lobbying communications (including any amounts paid to an outside firm

retained to make such communications); and (4) delete the requirement in the Senate bill to identify any person other than the client who paid for the lobbying activities (while adding such persons to the definition of "client").

On the first issue, the conference amendment would strike a compromise between the Senate bill and the House amendment. The conference amendment, like the House amendment, would require a listing of all specific issues that were the subject of lobbying activities; unlike the House amendment, however, the conference amendment would limit this list to issues on which lobbyists employed by the registrant engaged in lobbying activities. Under this compromise approach, lobbyists would be required to identify all of the issues on which they lobbied, but registrants would not be required to list the issues on which employees other than lobbyists may have engaged in incidental lobbying activities.

On the second and third issues, the conference amendment would adopt the House language, requiring the disclosure of grass roots lobbying issues and expenses.

On the fourth issue, the conference amendment would adopt the Senate language with a clarifying amendment. Under the conference amendment, all registrants (regardless whether they are lobbying firms or use in-house lobbyists) would be required to identify any person other than the client who paid the registrant to lobby on behalf of the client.

Section 105(c): Estimates of Income or Expenses. Section 5(d) of the Senate bill would establish the categories of dollar value for estimates of income or expenses; authorize registrants that are required to report lobbying expenses to the Internal Revenue Service under section 6033 of the Internal Revenue Code to report the same amounts to the Office of Lobbying Registration and Public Disclosure; and provide that estimates of lobbying income or expenses need not include the value of volunteer services or expenses provided by independent contractors who are separately registered and separately report such income. Section 5(c) of the House bill contains similar provisions, with minor clarifying changes. The conference amendment would adopt the language of the House amendment, with a further amendment to clarify the treatment of registrants that report lobbying expenses to the IRS under section 6033 and minor modifications to the categories of dollar value to be used for estimates of income or expenses.

As explained in the Senate report (pp. 33-34), the purpose of disclosing lobbying expenditures is to establish the scope of a lobbying effort. For this reason, as long as a registrant has a reasonable estimating system in place and complies in good faith with that system, the requirements of this provision would be met.

For example, an organization could make a good faith estimate of the total expenses that the organization and its employees incurred in connection with lobbying activities during a filing period if: (1) the organization has its professional employees make a regular periodic estimate of the percentage of time the employee spends on lobbying activities and uses that percentage to compute both its salary costs and general overhead costs (e.g., rent, utilities, salaries of nonprofessional support staff, etc.) assignable to lobbying activities; and then (2) adds to that figure an estimate of the direct costs attributable to lobbying activities (i.e., third-party reimbursements for media, printing, postage, expense reimbursements and other costs directly associated with the organization's lobbying activities). In other words, where an organization follows such a system and where the professional staff's estimates are done carefully and in good faith, the only major obligation imposed by this reporting requirement will be the preparation of those estimates.

Similarly, an organization could make a "good faith estimate" of the total expenses that the organization and its employees incurred in connection with grass roots lobbying communications if (1) the organization has its professional employees make a regular periodic estimate of the percentage of time the employee spends on grass roots lobbying communications and uses that percentage to compute both its salary costs and the general overhead costs assignable to such activity; and (2) then adds to that figure an estimate of the direct costs attributable to grass roots lobbying communications (e.g., third-party payments for media, printing, mailings, postage, and other costs directly associated with grass roots lobbying communications).

Some concern has been expressed about over-reporting being considered a violation of the Lobbying Disclosure Act. The conferees agree that unintentional over-reporting, resulting from a good faith effort to report all lobbying contacts and expenses related to lobbying activities, should not be considered a violation of the Act.

Section 105(d): Contacts. Section 5(e) of the Senate bill would provide that any contact with a member or employee of a Congressional Committee regarding a matter within the jurisdiction of the Committee is considered a contact with the Committee. Section 5(d) of the House bill contains similar language, with additional provisions which would define contacts with a House of Congress and contacts with federal agencies.

The conference amendment would adopt the language of the House amendment with a further amendment clarifying that a contact with a covered executive branch official who has been detailed to another Federal agency or to the Congress is considered to be a contact with the federal agency, committee of Congress, or House of Congress to which the official has been

detailed and not a contact with the home agency of the official. An executive branch official who is detailed to the Congress, but is not a covered executive branch official would be included in the definition of the term covered legislative branch employee (because he or she functions in the capacity of an employee of the Congress). A contact with that person would be a contact with the committee or House of Congress to which the individual has been detailed.

The language in the conference amendment would pertain to details of executive branch employees under sections 3341 through 3349 of Title 5; section 112 of Title 3; section 202(f) of the Legislative Reorganization Act of 1946; section 81a of Title 2; and other statutes or rules that authorize details from one agency or branch to another agency or branch of the federal government.

SECTION 106. PROHIBITION ON GIFTS BY LOBBYISTS, LOBBYING FIRMS, AND AGENTS OF FOREIGN PRINCIPALS. Section 5(c) of the Senate bill would require lobbyists to disclose certain gifts to covered legislative branch officials. Section 6 of the House amendment would prohibit most gifts from lobbyists and their clients to covered legislative branch officials and require the disclosure of other gifts. In addition, a separate bill passed by the Senate, S. 1935, would prohibit Members of Congress and congressional staff from accepting most gifts from lobbyists or from any other sources.

The conference amendment would adopt a compromise approach to these proposals. Section 106 of the conference amendment would prohibit virtually all gifts from lobbyists to covered legislative branch officials. A separate title of the bill would amend the Standing Rules of the Senate and the Rules of the House of Representatives to address gifts from all sources.

Under section 106 of the conference amendment, registered lobbyists, lobbying firms, and foreign agents would be prohibited from providing any gift, directly or indirectly, to a covered legislative branch official, with certain narrow exceptions.

A gift to a spouse or dependent of a covered legislative branch official (or a gift to any other individual based on that individual's relationship with the covered legislative branch official), would be considered a gift to the covered legislative branch official if it is given, with the knowledge and acquiescence of the official, because of the official position of the recipient. A gift (such as a wedding gift) which is given jointly to both a covered legislative branch official and the spouse of that covered legislative branch official and that would not be appropriate under the circumstances to give to only one of the two recipients by an individual who has a family relationship or close personal friendship with only one of the two recipients

would be considered a gift to the recipient who has the relationship with the donor. Such a gift may be accepted under the family relationship or close personal friendship exception if the gift otherwise meets the requirements of that provision.

This section also would prohibit --

- o anything provided by a registered lobbyist or a foreign agent which is paid for, charged to, or reimbursed by a client or firm of the lobbyist or foreign agent;
- o anything provided by a registered lobbyist, lobbying firm, or foreign agent to an entity that is maintained or controlled by a covered legislative branch official;
- o a charitable contribution made by a registered lobbyist, lobbying firm, or foreign agent on the basis of a designation, recommendation, or other specification by a covered legislative branch official;
- o a contribution or other payment by a registered lobbyist, lobbying firm, or foreign agent to a legal expense fund established for the benefit of a covered legislative branch official or a covered executive branch official; and
- o a charitable contribution made by a registered lobbyist, lobbying firm, or foreign agent in lieu of an honorarium to a covered legislative branch official.
- o a contribution or expenditure by a registered lobbyist, lobbying firm, or foreign agent relating to a congressional conference, retreat, or similar event.

The following exceptions would apply: anything for which the recipient pays the market value or does not use and promptly returns; any lawful campaign contribution or attendance at a political fundraising event; food or refreshment of nominal value offered other than as part of a meal; benefits resulting from outside business, employment or other activities of the spouse of the covered legislative branch official; pension and other benefits resulting from former employment; and informational materials that are sent to the office of a covered legislative branch official.

Finally, a gift from an individual would be permitted under circumstances which make it clear that the gift is given for a nonbusiness purpose and is motivated by a family relationship or close personal friendship and not by the position of the covered legislative branch official. The conference amendment would establish narrow limits on the circumstances under which gifts of this type would be permitted.

SECTION 107. THE OFFICE OF LOBBYING REGISTRATION AND PUBLIC DISCLOSURE. Section 6 of the Senate bill and section 7 of the House amendment would establish a new Office of Lobbying Registration and Public Disclosure and set forth the duties of the Office. Section 107 of the conference amendment would resolve the differences between the Senate bill and the House amendment as follows.

Section 107(a): Establishment. Section 6(a) of the Senate bill would establish an Office of Lobbying Registration and Public Disclosure in the Department of Justice, to be headed by a Director. Section 7(a) of the House amendment contains a similar provision, which differs from the Senate bill, in that it would: (1) provide for the Office of Lobbying Registration and Public Disclosure to be an independent agency in the executive branch, rather than an office within the Justice Department; (2) provide a fixed, five-year term for the Director; and (3) authorize the Director to appoint officers and employees and to contract with the General Services Administration and other Federal agencies for financial and administrative services.

On the first point, the conference amendment would adopt the House approach and provides for the Office of Lobbying Registration and Public Disclosure to be an independent agency in the executive branch. Congressional oversight of this office would be assured by limiting the authorization of appropriations to five years (as provided in section 118 of the bill).

On the second point the conference amendment would provide a fixed, five-year term for the Director.

On the third point, the conference amendment would adopt the House provision and would: (a) provide additional administrative powers for the Director; and (b) require other agencies to cooperate with the Director by supplying needed personnel and services (subject to reimbursement).

Section 107(b): Duties. Section 6(b) of the Senate bill would establish the duties of the Director of the Office of Lobbying Registration and Public Disclosure. Section 7(b) of the House amendment contains a similar provision, which differs from the Senate bill in that it would: (1) provide for the payment of reasonable copying fees for registrations and reports made available to the public; (2) require that copies and electronic records of registrations be retained in perpetuity; (3) require that copies of reports be retained for 3 years instead of 2; and (4) require the Director, upon request, to determine whether an individual is a covered executive branch official or a covered legislative branch official.

On the first issue, the conference amendment would adopt the language of the House amendment.

On the second issue, the conference amendment would provide that copies of registrations be retained for at least three years after the termination of a registration and that electronic records of registrations be retained for at least five years after the termination of a registration.

On the third issue, the conference amendment would adopt the language of the House amendment.

On the fourth issue, the conference amendment would adopt a compromise approach, under which an individual who is contacted by a lobbyist (or the office employing such individual), rather than the Director, would be required to state whether the individual is a covered official. This requirement would be placed in section 119(c) of the conference amendment.

The conference amendment would also require the Director to study the definition of the term "public official" and make recommendations for any changes to this definition which might be necessary to ensure appropriate disclosure of lobbying activities and equitable treatment of public and quasi-public entities. The Director's recommendations would be included in the first annual report required by the bill.

SECTION 108. INITIAL PROCEDURE FOR ALLEGED VIOLATIONS. Section 7 of the Senate bill and section 8 of the House amendment contain the initial procedures for resolution of alleged violations. Section 108 of the conference amendment would resolve the differences between the Senate bill and the House amendment as follows.

Section 108(a): Allegation of a Violation. Under section 7(a) of the Senate bill and section 8(a) of the House amendment, whenever the Director has reason to believe that a person may be in violation of the Act, the Director is required to notify the person and provide the person an opportunity to respond in writing to the allegation. The conferees agree to this provision.

Section 108(b): Initial Determination. Section 7(b) of the Senate bill would provide that, upon receipt of a response to a notification under section 7(a), the Director would: (a) take no further action, if it appeared unlikely that the Act had been violated; (b) provide an automatic reduction of penalty for a major violation (and no penalty at all, for a minor violation) if the violation was admitted and corrected; and (c) make a formal request for information if the information or explanation provided indicated that the person might be in violation of the Act.

Section 8(b) of the House amendment differs from the Senate bill in that it: (1) would authorize the Director to avoid

further proceedings only if the information or explanation provided was adequate to issue a written determination that the person had not violated the Act (and not if it merely appeared that a violation was unlikely); (2) would not provide for any reduction in penalty if a violation was admitted and corrected; and (3) would authorize the Director to either request additional information or proceed directly to a hearing, if the information or explanation provided indicated that the person may be in violation of the Act.

On the first issue, the conference amendment would adopt the language of the House amendment. On the second issue, the conference amendment would drop the requirement for an automatic reduction in penalty if a violation is admitted or corrected, but would provide (in section 108(e)(1)) that whether or not a violation is voluntarily admitted and corrected is a factor to be considered by the Director in determining the amount of a penalty under the Act. On the third issue, the conference amendment would adopt the language of the House amendment, with minor clarifying changes.

Section 108(c): Formal Request for Information. Section 7(c) of the Senate bill would provide for the Director to make formal requests for specific "documentary information" that is reasonably necessary to make a determination whether a person has violated the Act. Section 8(c) of the House amendment contains a similar provision, which differs from the Senate bill, in that it would authorize requests for specific "written information". The conference amendment would adopt the language of the House amendment, authorizing requests for written information. The conferees understand that the term "written information" is broader than the term "documentary information" and may include interrogatories calling for an answer in writing, in addition to requests for documents.

SECTION 109. DETERMINATIONS OF VIOLATIONS. Section 8 of the Senate bill and section 9 of the House bill would establish procedures for hearings and determination of violations. Section 109 of the conference amendment would resolve the differences between the Senate bill and the House amendment as follows.

Section 109(a): Notification and Hearing. Section 8(a) of the Senate bill would provide for notification and hearing in cases in which the Director finds that the Act may have been violated. This subsection would provide for an informal hearing in the case of a minor violation and a full hearing under the Administrative Procedure Act in the case of a significant violation. Section 9(a) of the House amendment contains a similar provision, but would provide for a full APA hearing for either a minor violation or a significant violation. The conference amendment would adopt the language of the House amendment.

Section 109(b): Determinations. Section 8(b) of the Senate bill and section 9(b) of the House amendment would provide for determinations by the Director in substantially similar terms. The conferees agree to this provision.

Section 109(c): Written Decision. Section 8(c) of the Senate bill and section 9(c) of the House amendment would provide for the issuance of written decisions by the Director in substantially similar terms. The conferees agree to this provision.

Section 109(d): Civil Injunctive Relief. Section 8(d) of the Senate bill and section 9(d) of the House amendment would provide for referral to the Attorney General to seek civil injunctive relief in substantially similar terms. The conferees agree to this provision.

Section 109(e): Penalty Assessments. Section 8(e) of the Senate bill would provide guidelines for penalty assessments and would define major violations as knowing failure to register and other knowing violations that are extensive or repeated. Section 9(e) of the House amendment contains a similar language, but differs from the Senate bill in that it would: (1) delete a provision of the Senate bill, which prohibited the Director from assessing a penalty in an amount greater than that recommended by an Administrative Law Judge; and (2) extend the definition of major violations to include actions which a person "should have known" violated the Act.

On the first point, the conference amendment would adopt the language of the House amendment. On the second point, the conference amendment would adopt a compromise approach. Under this approach, a person may be penalized for a minor violation if he or she "knew or should have known" that he or she was in violation of the Act. A person may be penalized for a major violation only if he or she fails to register or commits another violation that is extensive or repeated and: (a) had actual knowledge that the conduct constituted a violation; (b) acted in deliberate ignorance of the provisions of the Act or implementing regulations; or (c) acted in reckless disregard of the Act or implementing regulations.

In addition, the conference amendment would require the Director, in determining the amount of a penalty to be assessed, to consider: (a) whether a violation was voluntarily admitted and corrected; (b) the extent to which the person or entity may have profited from the violation; (c) the ability of the penalized person or entity to pay; and (d) such other matters as justice may require.

Section 9 of the Senate bill and section 10 of the House amendment contain provisions regarding penalties for late

registration or filing and failure to provide information. The conference amendment would add these provisions to section 109 of the bill, addressing determinations of violations generally.

Under the conference amendment, as under the House and Senate bills, a \$200 penalty would be assessed for each week by which a filing is late. For the purpose of this provision, the term "each week" would include a portion of a week. If the Director determines, however, that a late filing was extensive or repeated and that the person committing the violation acted with actual knowledge, deliberate ignorance, or reckless disregard of the relevant law, a larger penalty would be assessed under the paragraph providing penalties for major violations. For example, a late filing would be penalized as a major violation if it were a part of a deliberate pattern of late filings with intent to evade the disclosure requirements of the Act.

SECTION 110: DISCLOSURE OF INFORMATION. Section 7(d) of the Senate bill would prohibit the Director from disclosing information obtained in the dispute resolution process to the public, or outside the Office of Lobbying Registration and Public Disclosure, without the consent of the person providing the information, with specific exceptions. Section 8(d) of the House amendment contains a similar provision, which differs from the Senate bill in that it would not limit the disclosure of information to other federal officials. In addition, the House bill contains several provisions that would address the publication of written decisions by the Director.

Section 110 of the conference amendment would consolidate these provisions in a new section. Under section 110, the Director would make information provided to the Director in the dispute resolution process available to the public only through a report or registration filed by the registrant, or in a written decision issued by the Director. This section would provide that all written decisions shall be available to the public, and any decision may be published if the Director determines that publication would provide useful guidance.

Information that would identify a person or entity would be deleted from a written decision before the decision is made public, under circumstances described in the provision. A person who is a party to the proceeding and is not found to have violated the Act may have identifying information deleted, upon request. Information that would identify a person who is not a party to the proceeding must be deleted if the Director determines that such person or entity could reasonably be expected to be injured by the disclosure of such information. No request for redaction by a non-party would be required, as a person who is not a party to the proceeding may not be aware of the proceeding or in a position to make such a request.

The conferees intend that if the Director finds that there has been a violation of Section 106 and has reason to believe that a covered legislative branch official may have knowingly participated in such violation, the Director shall refer the matter to the Senate Select Committee on Ethics or the House Committee on Standards of Official Conduct, as appropriate.

SECTION 111. JUDICIAL REVIEW. Section 10 of the Senate bill and section 11 of the House amendment would provide in substantially similar terms for judicial review of written decisions of the Director. The Senate bill would provide that any person who prevails on the merits would be entitled to recover attorneys' fees from the United States; the House amendment contained no such provision. The conference amendment would not include the attorneys' fees provision. The conferees note that such fees may be available, in appropriate cases, in accordance with the terms of the Equal Access to Justice Act.

SECTION 112. RULES OF CONSTRUCTION. Section 11 of the Senate bill contains two rules of construction, which would provide that nothing in the Act may be construed to prohibit lobbying activities or to grant general audit or investigative authority to the Director. Section 12 of the House amendment contains a similar provision, but adds a third rule of construction, which would state that nothing in the Act may be construed to interfere with the exercise of rights protected by the First Amendment to the Constitution. The conference amendment would adopt all three rules of construction, including the third rule added by the House amendment. The conferees note that the authorities granted to the Director under sections 7, 8 and 9 of the Act do not include general audit or investigative authority.

SECTION 113. AMENDMENTS TO THE FOREIGN AGENTS REGISTRATION ACT. The Senate bill would amend the Foreign Agents Registration Act (FARA) to limit the definition of the term "foreign principal" to the government of a foreign country or a foreign political party. The bill would provide for disclosure of lobbying by representatives of foreign corporations, organizations and individuals under the Lobbying Disclosure Act, rather than FARA.

The House amendment would retain the current definition of "foreign principal" in FARA, including foreign corporations, organizations and individuals as well as foreign governments and political parties. The House amendment would add a new provision to FARA, exempting from registration any person who is required to register and does register under the Lobbying Disclosure Act. Lobbying contacts for foreign corporations, organizations and individuals would trigger a requirement to register under the Lobbying Disclosure Act, but lobbying contacts for foreign governments and political parties would not. Contacts on behalf

of foreign governments and political parties would continue to be disclosed under FARA.

The conference amendment would adopt the language of the House amendment. The result is that, while lobbyists for foreign corporations, organizations and individuals would generally be required to register under the Lobbying Disclosure Act (and not under FARA), any representative of a foreign corporation, organization or individual who is not required to register as a lobbyist (such as a representative of a foreign corporation which engages only in public relations activities and does no lobbying in the United States), or fails to do so, would still be required to register under FARA. The conferees note that FARA does not and would not apply to an organization whose activities are entirely supervised, directed, controlled, financed and subsidized by citizens of the United States, even if the agenda of such an organization includes issues affecting the foreign policy of the United States.

SECTION 114. AMENDMENTS TO THE BYRD AMENDMENT. Section 13 of the Senate bill and section 14 of the House amendment would amend the so-called Byrd amendment to eliminate separate lobbying disclosure provisions and harmonize that provision with the requirements of the Lobbying Disclosure Act. The conferees agree to this provision.

SECTION 115. REPEAL OF CERTAIN LOBBYING PROVISIONS. Section 14 of the Senate bill would repeal certain obsolete and redundant lobbying disclosure provisions. Section 15 of the House amendment contains similar repealers, but would not repeal the lobbying registration requirement in the Public Utility Holding Company Act of 1935 (PUHCA).

The conferees have been assured that the Securities and Exchange Commission and the relevant Committees of jurisdiction intend to review the PUHCA registration requirement and will seek its repeal if the provision is no longer needed. On this basis, the conference amendment would adopt the House approach and leave the repeal of the PUHCA registration requirement to consideration by the appropriate committees.

SECTION 116. CONFORMING AMENDMENTS TO OTHER STATUTES. Section 15 of the Senate bill contains conforming amendments to other statutes. Section 16 of the House amendment contains similar conforming amendments and would also amend section 201(c)(1) of Title 18 to address the relationship between the criminal gratuity statute and the congressional gift rules. The conference amendment would not amend section 201 because the conferees determined that such an amendment was unnecessary. In fact, a federal district court specifically determined that the Ethics Reform Act of 1989 "was enacted to limit the liability of public officials under the gratuities statute by permitting the

ethics offices in each branch of government to establish rules for the acceptance of gifts." See 827 F. Supp. 1153, 1173 (1993). Title II of the conference amendment would establish such rules.

SECTION 117. SEVERABILITY. Section 16 of the Senate bill and section 17 of the House amendment would provide that if any provision of the Act is found to be unconstitutional, such provision would be treated as severable and the remainder of the Act would remain in effect. The conferees agree to this provision.

SECTION 118. AUTHORIZATION OF APPROPRIATIONS. Section 17 of the Senate bill and section 18 of the House amendment would authorize appropriations. Section 118 of the conference amendment would authorize appropriations for a period of five years, to ensure effective congressional oversight of the Office of Lobbying Registration and Public Disclosure.

SECTION 119. IDENTIFICATION OF CLIENTS AND COVERED OFFICIALS. Section 19 of the Senate bill would require any person who makes a lobbying contact to identify, on request of the individual contacted, the client on whose behalf the contact is made. Section 20 of the House amendment would require any person who makes a lobbying contact on behalf of a foreign client to identify, on request of the individual contacted, the client on whose behalf the contact is made and to confirm the information provided in writing. The House provision would also require all written lobbying contacts on behalf of foreign clients to identify the client on whose behalf the contact is made, and would provide a definition of the term "foreign client".

The conference amendment would adopt a compromise approach. Under the conference amendment, any person who makes an oral lobbying contact would be required, on request of the individual contacted, to identify the client on whose behalf the contact is made, state whether the client is a foreign entity, and identify any foreign entity subject to disclosure under the registration provisions of the bill which has a direct interest in the outcome of the lobbying activity. A lobbyist who makes a written lobbying contact would be required to identify any foreign entity that is a client or an entity subject to disclosure under the registration provisions of the bill that has a direct interest in the outcome of the lobbying activity.

In addition, section 119 of the conference amendment would require an individual who is contacted by a lobbyist (or the office employing such individual) to state whether or not the individual contacted is a covered executive branch official or a covered legislative branch official.

SECTION 120. TRANSITIONAL FILING REQUIREMENT. Section 19 of the Senate bill and section 20 of the House amendment contain a transitional filing requirement, to apply until such time as the Office of Lobbying Registration and Public Disclosure is able to make computer transmittal of registrations and reports to the Senate and the House of Representatives. The conferees agree to this provision.

GOVERNMENT-SPONSORED ENTERPRISES - REPORT TO CONGRESS. Section 20 of the Senate bill would require government-sponsored enterprises to file special annual reports with the Congress on their lobbying activities. The House amendment contains no parallel provision. The conference amendment would not include the Senate provision. Under the conference amendment, lobbying for government-sponsored enterprises would be reported in the same manner, and to the same extent, as lobbying for other entities.

SECTION 121. EFFECTIVE DATES AND INTERIM RULE. Section 23 of the Senate bill would provide effective dates for the Act and implementing regulations. Section 20 of the House amendment contains similar language on effective dates and would add a new interim reporting rule for organizations that are required to track their lobbying expenditures under the new provision in the Internal Revenue Code addressing the non-deductibility of lobbying expenses. Section 121 of the conference amendment would address the differences between the Senate bill and the House amendment as follows.

Subsection 121(a): In General. Section 121(a) of the conference amendment would provide that the Lobbying Disclosure Act (Title I of the bill) and the amendments made by the Lobbying Disclosure Act shall take effect on January 1, 1996.

Subsection 121(b): Interim Gift Prohibition. Section 121(b) of the conference amendment would provide that section 106 of the bill, prohibiting gifts from registered lobbyists, lobbying firms and foreign agents to covered legislative branch officials, would take effect on January 3, 1995. During calendar year 1995, before the effective date of the balance of the Lobbying Disclosure Act, this prohibition would apply to lobbyists and foreign agents registered under the existing Federal Regulation of Lobbying Act and Foreign Agents Registration Act. The provision would preclude evasion through termination of registrations under these Acts by covering any lobbyist or foreign agent registered under existing law as of July 1, 1994 or thereafter.

Subsection 121(c): Establishment of Office. Section 121(c) of the conference amendment, like the Senate bill and the House amendment, would provide that the provisions establishing the office of Lobbying Registration and Public Disclosure, and

authorizing appropriations for that office, would take effect upon enactment.

Subsection 121(d): Repeals and Amendments. Section 121(d) of the conference amendment, like the Senate bill and the House amendment, would provide for the continued effectiveness of existing lobbying registration laws during the interim period prior to the effective date of the Lobbying Disclosure Act.

Subsection 121(e): Regulations. Section 121(e) of the conference amendment, like the Senate bill and the House amendment, would provide a timetable for the issuance of proposed and final regulations implementing the Act.

Subsection 121(f): Phase-in period. Section 121(f) of the conference amendment, like the Senate bill and the House amendment, would provide a phase-in period during which no penalties would be assessed for violations of the Act. As in the House bill, this subsection would provide that violations of the gift prohibition in section 106 of the bill during the phase-in period, unlike violations of other provisions of this title, would be subject to penalties.

Subsection 121(g): Interim Rules. Section 121(g) of the conference amendment contains an interim reporting rule similar to the provision contained in the House amendment. Under the interim reporting rule, entities that are required to account for their lobbying expenditures pursuant to the non-deductibility rules would be permitted to use the same accounting system to account for and report lobbying expenses under the Lobbying Disclosure Act. This provision would apply to in-house lobbyists who are covered by the non-deductibility provision, and not to lobbying firms which are not covered by the non-deductibility provision of the Internal Revenue Code.

In addition, the conference amendment would modify the interim rule to provide that organizations reporting lobbying expenditures under the Internal Revenue Code may use certain definitions in the Internal Revenue Code in making the determination whether an individual is a "lobbyist" under this Act. Each entity covered by this provision must choose whether to use the Lobbying Disclosure Act definitions or the IRS definitions in a particular calendar year and notify the Office of Lobbying Registration and Public Disclosure of this choice. This provision would apply to the in-house employees of organizations that are required to account for lobbying expenditures pursuant to section 162(e) or section 6033(b)(8) of the Internal Revenue Code; it would not apply to employees of outside lobbying firms representing such organizations which are not covered by the non-deductibility provisions of the Internal Revenue Code.

The provision would expire on December 31, 1998 and would provide for a GAO report to Congress on differences between the definition of lobbying activities in the Lobbying Disclosure Act and definitions of "lobbying expenditures", "influencing legislation", and related terms in sections 162(e) and 4911 of the Internal Revenue Code. The GAO report would also address the impact that any such differences may have on filing and reporting under the Lobbying Disclosure Act (including the interim reporting rule). The conferees expect this study to lead to recommendations for appropriate adjustments to harmonize the definitions.

Section 121(h): Interim Director. Section 121(h) of the conference amendment would authorize the President to appoint an interim Director of the Office of Lobbying Registration and Public Disclosure until the first Director after enactment of this Act has been nominated by the President and confirmed by the Senate. This provision is intended to avoid unnecessary delays in the implementation of this Act and ensure that the Office of Lobbying Registration and Public Disclosure will be up and running in a timely manner. The provision would prohibit the interim Director from promulgating final regulations or initiating enforcement actions; these authorities would be reserved for the Director.

TITLE II: CONGRESSIONAL GIFT RULES

Section 5(c) of the Senate bill would require lobbyists to disclose certain gifts to covered legislative branch officials. Section 6 of the House amendment would prohibit most gifts from lobbyists and their clients to covered legislative branch officials and require the disclosure of other gifts. In addition, a separate bill passed by the Senate, S. 1935, would prohibit Members of Congress and congressional staff from accepting most gifts from lobbyists or from any other sources.

The conference amendment would adopt a compromise approach to these proposals. Section 106 of the conference amendment would prohibit lobbyists from making virtually any gift to covered legislative branch officials. Title II of the conference amendment would amend the Standing Rules of the Senate and the Rules of the House of Representatives to address the acceptance of gifts by Members, officers and employees of both bodies. However, the rules cannot anticipate every situation that a Member, officer, or employee will confront. The Senate Select Committee on Ethics and the House Committee on Standards of Official Conduct would provide guidance and further regulation to assure that the rules are fairly construed.

SECTION 201. AMENDMENT TO SENATE RULES. Section 201 of the conference amendment would amend Rule XXXV of the Standing Rules of the Senate to provide tight, new restrictions on the acceptance of gifts by Members, officers, and employees of the Senate.

Paragraph 1 of the new Rule XXXV would prohibit Members, officers, and employees from accepting any gift from a registered lobbyist, lobbying firm, or foreign agent, knowing that such gift is provided in violation of the Lobbying Disclosure Act of 1994.

Paragraph 2 of the new rule XXXV would address gifts from other sources.

Subparagraph 2(a) would prohibit Members, officers, and employees from knowingly accepting a gift from any other person (in addition to the restriction on receiving gifts from registered lobbyists, lobbying firms, and foreign agents), except as otherwise provided in the Rule.

Subparagraph 2(b) would define the term "gift" to include any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. The term would include gifts of services, training, transportation, lodging, and meals -- whether provided in kind, by purchase of ticket, payment in advance, or reimbursement after the expense has been incurred. This definition is the same as the definition of "gift" in the executive branch gift rules. ✓

This subparagraph would also provide that a gift to the spouse or dependent of a Member, officer, or employee (or a gift to any other individual based on that individual's relationship with the Member, officer, or employee) would be considered a gift to the Member, officer, or employee if it is given with the knowledge and acquiescence of the Member, officer, or employee, and the Member, officer or employee has reason to believe the gift was given because of his or her official position. Something of value that is provided by one person to both a Member, officer, or employee and the spouse or dependent of that Member, officer, or employee, may be considered two separate gifts, depending on the nature of what is provided and the time and manner in which it is provided. A gift (such as a wedding gift) which is given jointly to both a Member, officer or employee and the spouse of that Member, officer or employee and that would not be appropriate under the circumstances to give to only one of the two recipients by an individual who has a family or personal relationship with only one of the two recipients would be considered a gift to the recipient who has the relationship with the donor. Such a gift may be accepted under the family or personal relationship exception if the gift otherwise meets the requirements of that provision.

Subparagraph 2(c) would except certain items from the prohibitions on gifts from persons other than registered lobbyists, lobbying firms, and foreign agents. These exceptions are similar to those contained in S. 1935 and in the House amendment to S. 349.

Excepted items would include: anything for which the recipient pays the market value or does not use and promptly returns; lawfully made campaign contributions and attendance at political fundraising events; gifts that are provided on the basis of personal or family relationships; an otherwise lawful contribution to a legal expense fund; food or refreshment of minimal value; a gift from another Member, officer, or employee of the Senate or the House of Representatives; food and lodging provided in connection with a job interview, a fundraising or campaign event, or resulting from outside business, employment, or other outside activities of a Member, officer, or employee (or the spouse thereof); pension and other benefits resulting from prior employment; informational materials that are sent to the office of the Member, officer, or employee; awards and prizes given to competitors in contests open to the public; honorary degrees and other bona fide awards; donations of home State products for promotional purposes; food, refreshments, and entertainment provided in a Member's home State (subject to reasonable limitations to be established by the Rules Committee); training provided in the interest of the Senate; bequests, inheritances, and other transfers at death; gifts expressly permitted by statute; anything which is paid for by the Federal Government, by a State or local government, or secured by the

Government under a Government contract; a gift of personal hospitality; free attendance at widely attended events; opportunities and benefits available to all of an appropriate class of the general public; and a plaque, trophy, or other memento of modest value. The rule would provide for waiver by the Select Committee on Ethics only in unusual cases.

This subparagraph would establish an exception for gifts based on personal or family relationships. This exception would not apply where the Member, officer, or employee has reason to believe that, under the circumstances, the gift was provided because of his or her official position and not because of the personal or family relationship. For example, a gift would not be considered to be based on a personal or family relationship if the Member, officer, or employee has reason to believe that the individual providing the item intends to deduct the value of the item as a business expense on the individual's tax return or to accept direct or indirect reimbursement or compensation for the item from a client or a firm of which the individual is a member or employee. The provision would direct the Select Committee on Ethics to provide guidance on the applicability of this paragraph and examples of circumstances under which a gift may be accepted under this exception.

Subparagraph 2(d) would provide for participation in widely attended events, such as conventions, conferences, symposia, forums, panel discussions, dinners, viewings, and receptions, by Members, officers and employees. Under this provision, a Member, officer or employee would be permitted to accept a sponsor's offer of free attendance at such an event, if he or she were participating in the event as a speaker, or if attendance were otherwise appropriate to the performance of his or her official duties or representational function. In appropriate circumstances, Members, officers and employees would also be permitted to accept an offer of free attendance for an accompanying individual. Free attendance would be defined to include waiver of all or part of a fee or the provision of food, refreshment, entertainment, and instructional materials furnished as an integral part of the event.

In addition to widely attended events, subparagraph 2(d) would permit a Member, officer, or employee to accept a sponsor's unsolicited offer of free attendance at a charity event -- such as a charity dinner or a charitable golf or tennis tournament. However, the provision would not permit the acceptance of transportation or lodging in connection with participation in such an event. The references to "the sponsor" of an event in this subsection are intended to refer to the person, entity, or entities that are primarily responsible for organizing the event.

Subparagraph 2(e) would prohibit the acceptance of a gift in excess of \$250 on the basis of a personal relationship or

personal friendship exception, unless the Select Committee on Ethics makes a written determination that one of the exceptions applies.

Subparagraph 2(f) would authorize the Committee on Rules and Administration to adjust the \$20 limit for food and refreshments to the extent necessary to adjust for inflation; authorize the Select Committee on Ethics to provide guidance to Members, officers and employees on reasonable steps that they can take to prevent the acceptance of prohibited gifts from lobbyists; and permit the recipient of a perishable gift that may not be accepted under the new Rule to throw away the gift or give it to an appropriate charity.

Paragraph 3 of the new Rule XXXV would address the rules on reimbursement of officially connected travel by private sources. Under this provision, Members, officers and employees would be prohibited from accepting travel reimbursement from registered lobbyists, lobbying firms and foreign agents. Members, officers and employees would be permitted to accept reimbursement for travel expenses from other sources for necessary expenses in appropriate circumstances, as set forth in the paragraph. Any such reimbursements would be deemed to be a reimbursement to the Senate and not a gift prohibited by the Rule.

Under subparagraph (a) of Paragraph 3, a Member, officer or employee would be permitted to accept reimbursement, from sources other than registered lobbyists and foreign agents, for necessary travel expenses incurred in connection with a meeting, speaking engagement, factfinding trip or similar event in connection with the duties of the Member, officer or employee as an officeholder. Events, the activities of which are substantially recreational in nature, would not be considered to be in connection with the duties of a Member, officer, or employee as an officeholder. Accordingly, private reimbursement of travel expenses incurred in connection with charitable golf, tennis or ski tournaments, or similar recreational events, would be prohibited.

Subparagraph (b) of Paragraph 3 would set forth the requirements for advance authorization of privately reimbursed travel for congressional staff. Under this provision, each advance authorization would be signed by the Member or officer under whose direct supervision the employee works and would include: the name of the Member, officer or employee; the name of the person making the reimbursement; the time, place and purpose of the travel; and a determination that the travel is in connection with the duties of the employee as an officeholder and would not create the appearance that the employee is using public office for private gain.

Subparagraph (c) would set forth the requirements for disclosure of expenses reimbursed. Under this provision, each such disclosure would be signed by the appropriate Member or officer and would include: a good faith estimate of total transportation expenses reimbursed; a good faith estimate of total lodging expenses reimbursed; a good faith estimate of total food and refreshment expenses reimbursed; a good faith estimate of any other expenses reimbursed; a determination that all such expenses are necessary transportation, lodging, and related expenses; and in the case of reimbursement to a Member or officer, a determination that the travel is in connection with the duties of the Member or officer as an officeholder and would not create the appearance that the Member or officer is using public office for private gain.

Subparagraph (d) would define the term "necessary transportation, lodging, and related expenses". Under this provision, necessary expenses would be limited to expenses necessary for a period not exceeding 3 days exclusive of travel time within the United States or 7 days exclusive of travel time outside of the United States. A Member, officer or employee would be permitted to extend his or her stay beyond these periods only if approved in advance by the Select Committee on Ethics or at his or her own expense. (As under the current rule, travel to Alaska, Hawaii, and U.S. territories and possessions would be treated as travel outside the United States.)

Necessary expenses would be limited to expenditures for transportation, lodging, conference fees and materials, and food or refreshment. Necessary expenses would not include expenditures for recreational activities, or entertainment other than that provided to all attendees as an integral part of the event. Reimbursement for travel expenses incurred on behalf of either the spouse or a child of a Member, officer, or employee could be accepted, subject to a determination that the attendance of the spouse or child is appropriate to assist in the representation of the Senate.

Subparagraph (e) would require the Secretary of the Senate to make available to the public all advance authorizations and disclosures of reimbursement filed under this paragraph as soon as possible after they are filed.

SECTION 202. AMENDMENT TO HOUSE RULES. Section 202 of the conference amendment would amend clause 4 of rule XLIII of the Rules of the House of Representatives to provide tight, new restrictions on the acceptance of gifts by Members, officers, and employees of the House of Representatives.

Paragraph (a) any gift from a registered lobbyist, lobbying firm, or foreign agent, knowing that such gift is provided in violation of the Lobbying Disclosure Act of 1994.

Paragraph (b) would prohibit Members, officers, and employees from knowingly accepting a gift from any other person (in addition to the restriction on receiving gifts from registered lobbyists, lobbying firms, and foreign agents), except as otherwise provided in the Rule.

Paragraph (c) would define the term "gift" to include any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. The term would include gifts of services, training, transportation, lodging, and meals -- whether provided in kind, by purchase of ticket, payment in advance, or reimbursement after the expense has been incurred. This definition is the same as the definition of "gift" in the executive branch gift rules.

This paragraph would also provide that a gift to the spouse or dependent of a Member, officer, or employee (or a gift to any other individual based on that individual's relationship with the Member, officer, or employee) would be considered a gift to the Member, officer, or employee if it is given with the knowledge and acquiescence of the Member, officer, or employee, and the Member, officer or employee has reason to believe the gift was given because of his or her official position. Something of value that is provided by one person to both a Member, officer, or employee and the spouse or dependent of that Member, officer, or employee, may be considered two separate gifts, depending on the nature of what is provided and the time and manner in which it is provided. A gift (such as a wedding gift) which is given jointly to both a Member, officer or employee and the spouse of that Member, officer or employee and that would not be appropriate under the circumstances to give to only one of the two recipients by an individual who has a family or personal relationship with only one of the two recipients would be considered a gift to the recipient who has the relationship with the donor. Such a gift may be accepted under the family or personal relationship exception if the gift otherwise meets the requirements of that provision.

Paragraph (d) would except certain items from the prohibitions on gifts from persons other than registered lobbyists, lobbying firms, and foreign agents. These exceptions are similar to those contained in S. 1935 and in the House amendment to S. 349.

Excepted items would include: anything for which the recipient pays the market value or does not use and promptly returns; lawfully made campaign contributions and attendance at political fundraising events; gifts that are provided on the basis of personal or family relationships; an otherwise lawful contribution to a legal expense fund; food or refreshment of minimal value; a gift from another Member, officer, or employee of the Senate or the House of Representatives; food and lodging

provided in connection with a job interview, a fundraising or campaign event, or resulting from outside business, employment, or other outside activities of a Member, officer, or employee (or the spouse thereof); pension and other benefits resulting from prior employment; informational materials that are sent to the office of the Member, officer, or employee; awards and prizes given to competitors in contests open to the public; honorary degrees and other bona fide awards; donations of home State products for promotional purposes; food, refreshments, and entertainment provided in a Member's home State (subject to reasonable limitations to be established by the Committee on Standards of Official Conduct); training provided in the interest of the House of Representatives; bequests, inheritances, and other transfers at death; gifts expressly permitted by statute; anything which is paid for by the Federal Government, by a State or local government, or secured by the Government under a Government contract; a gift of personal hospitality; free attendance at widely attended events; opportunities and benefits available to all of an appropriate class of the general public; and a plaque, trophy, or other memento of modest value. The rule would provide for waiver by the Committee on Standards of Official Conduct only in exceptional circumstances.

This paragraph would establish an exception for gifts based on personal or family relationships. This exception would not apply where the Member, officer, or employee has reason to believe that, under the circumstances, the gift was provided because of his or her official position and not because of the personal or family relationship. For example, a gift would not be considered to be based on a personal or family relationship if the Member, officer, or employee has reason to believe that the individual providing the item intends to deduct the value of the item as a business expense on the individual's tax return or to accept direct or indirect reimbursement or compensation for the item from a client or a firm of which the individual is a member or employee. The provision would direct the Committee on Standards of Official Conduct to provide guidance on the applicability of this paragraph and examples of circumstances under which a gift may be accepted under this exception.

Paragraph (e) would provide for participation in widely attended events, such as conventions, conferences, symposia, forums, panel discussions, dinners, viewings, and receptions, by Members, officers and employees. Under this provision, a Member, officer or employee would be permitted to accept a sponsor's offer of free attendance at such an event, if he or she were participating in the event as a speaker, or if attendance were otherwise appropriate to the performance of his or her official duties or representational function. In appropriate circumstances, Members, officers and employees would also be permitted to accept an offer of free attendance for an accompanying individual. Free attendance would be defined to

include waiver of all or part of a fee or the provision of food, refreshment, entertainment, and instructional materials furnished as an integral part of the event.

In addition to widely attended events, paragraph (e) would permit a Member, officer, or employee to accept a sponsor's unsolicited offer of free attendance at a charity event -- such as a charity dinner or a charitable golf or tennis tournament. However, the provision would not permit the acceptance of transportation or lodging in connection with participation in such an event. The references to "the sponsor" of an event in this subsection are intended to refer to the person, entity, or entities that are primarily responsible for organizing the event.

Paragraph (f) would prohibit the acceptance of a gift in excess of \$250 on the basis of a personal relationship or personal friendship exception, unless the Committee on Standards of Official Conduct makes a written determination that one of the exceptions applies.

Paragraph (g) would authorize the Committee on Standards of Official Conduct to adjust the \$20 limit for food and refreshments to the extent necessary to adjust for inflation; authorize the Committee to provide guidance to Members, officers and employees on reasonable steps that they can take to prevent the acceptance of prohibited gifts from lobbyists; and permit the recipient of a perishable gift that may not be accepted under the new Rule to throw away the gift or give it to an appropriate charity.

Paragraph (h) would address the rules on reimbursement of officially connected travel by private sources. Under this provision, Members, officers and employees would be prohibited from accepting travel reimbursement from registered lobbyists, lobbying firms and foreign agents. Members, officers and employees would be permitted to accept reimbursement for travel expenses from other sources for necessary expenses in appropriate circumstances, as set forth in the paragraph. Any such reimbursements would be deemed to be a reimbursement to the House of Representatives and not a gift prohibited by the Rule.

Under subparagraph (1), a Member, officer or employee would be permitted to accept reimbursement, from sources other than registered lobbyists and foreign agents, for necessary travel expenses incurred in connection with a meeting, speaking engagement, factfinding trip or similar event in connection with the duties of the Member, officer or employee as an officeholder. Events, the activities of which are substantially recreational in nature, would not be considered to be in connection with the duties of a Member, officer, or employee as an officeholder. Accordingly, private reimbursement of travel expenses incurred in

connection with charitable golf, tennis or ski tournaments, or similar recreational events, would be prohibited.

Subparagraph (2) would set forth the requirements for advance authorization of privately reimbursed travel for congressional staff. Under this provision, each advance authorization would be signed by the Member or officer under whose direct supervision the employee works and would include: the name of the Member, officer or employee; the name of the person making the reimbursement; the time, place and purpose of the travel; and a determination that the travel is in connection with the duties of the employee as an officeholder and would not create the appearance that the employee is using public office for private gain.

Subparagraph (3) would set forth the requirements for disclosure of expenses reimbursed. Under this provision, each such disclosure would be signed by the appropriate Member or officer and would include: a good faith estimate of total transportation expenses reimbursed; a good faith estimate of total lodging expenses reimbursed; a good faith estimate of total food and refreshment expenses reimbursed; a good faith estimate of any other expenses reimbursed; a determination that all such expenses are necessary transportation, lodging, and related expenses; and in the case of reimbursement to a Member or officer, a determination that the travel is in connection with the duties of the Member or officer as an officeholder and would not create the appearance that the Member or officer is using public office for private gain.

Subparagraph (4) would define the term "necessary transportation, lodging, and related expenses". Under this provision, necessary expenses would be limited to expenses necessary for a period not exceeding 4 days including travel time within the United States or 7 days exclusive of travel time outside of the United States and within 24 hours before or after participation in an event in the United States or within 48 hours before or after participation in an event outside the United States. A Member, officer or employee would be permitted to extend his or her stay beyond these periods only if approved in advance by the Committee on Standards of Official Conduct or at his or her own expense. (As under the current rule, travel to Alaska, Hawaii, and U.S. territories and possessions would be treated as travel outside the United States.)

Necessary expenses would be limited to expenditures for transportation, lodging, conference fees and materials, and food or refreshment. Necessary expenses would not include expenditures for recreational activities or entertainment other than that provided to all attendees as an integral part of the event. Reimbursement for travel expenses incurred on behalf of either the spouse or a child of a Member, officer, or employee

could be accepted, subject to a determination that the attendance of the spouse or child is appropriate to assist in the representation of the House of Representatives.

Subparagraph (5) would require the Clerk of the House to make available to the public all advance authorizations and disclosures of reimbursement filed under this paragraph as soon as possible after they are filed.

SECTION 203. MISCELLANEOUS PROVISIONS. Section 203 of the conference amendment contains certain miscellaneous provisions relative to the acceptance of gifts.

Subsection 203(a): Amendments to the Ethics in Government Act. Section 203(a) would amend the Ethics in Government Act to provide that travel reimbursements properly reported under the new Senate and House gift rules do not also have to be reported in personal financial disclosure statements.

Subsection 203(b): Repeal of Obsolete Provision. Section 203(b) would repeal Section 901 of the Ethics Reform Act of 1989, which contains the current Senate gift rules and would be superseded by the enactment of this bill.

Subsection 203(c): Senate Provisions. Subsection 203(c) contains miscellaneous provisions applicable to the Senate. Paragraph (1) would authorize the Committee on Rules and Administration to accept gifts on behalf of the Senate, in appropriate circumstances. Nothing in this paragraph would restrict any authority that any other Committee or office of the Congress may have under existing law. Paragraph (2) would provide that the rules on acceptance of food, refreshments, and entertainment provided to a Member or an employee of a Member in the Member's home State prior to the adoption of reasonable limitations by the Committee on Rules and Administration shall be the rules in effect on the day before the effective date of the new gift rules.

Subsection 203(d): House Provisions. Subsection 203(d) would provide that the rules on acceptance of food, refreshments, and entertainment provided to a Member or an employee of a Member in the Member's home State prior to the adoption of reasonable limitations by the Committee on Standards of Official Conduct shall be the rules in effect on the day before the effective date of the new gift rules.

SECTION 204. EXERCISE OF CONGRESSIONAL RULEMAKING POWERS. Section 204 of the conference amendment would provide that the sections of this Title amending the congressional gift rules are an exercise of the congressional rulemaking power.

SECTION 205. EFFECTIVE DATE. Section 205 of the conference amendment would provide that Title II of the conference amendment shall become effective on May 31, 1995. The conferees agreed to this date to provide time for the Senate Select Committee on Ethics and the House Committee on Standards of Official Conduct to develop guidance, as required by the bill.