Campaign Finance

Gore 2000

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AL GORE'S PLAN TO RESTORE FAITH IN AMERICA'S DEMOCRACY

Many Americans know that our campaign finance system is broken and needs to be fixed. The laws that govern campaigns, created over a generation ago, have been overtaken by rising costs and new technologies. In the 1970s, as a Congressman, Al Gore was an early sponsor of legislation to limit spending for Congressional campaigns and provide public financing of elections. He sponsored or cosponsored numerous campaign finance reform proposals during his service in Congress. In 1988, then-Senator Gore drafted and introduced legislation requiring that broadcasters give candidates free television time as a condition of their licenses.

As President, Al Gore would fight to provide real and comprehensive campaign finance reform, create fairer and more open elections, break the link between special interests and political influence, and give democracy back to the American people. His first legislative proposal to Congress would be the McCain-Feingold campaign finance reform bill. He would follow that crucial first step with additional measures to completely reform the way in which campaigns are financed.

Step One: Initial Reforms

Ban Soft Money. Al Gore believes the first step to reduce the influence of money in our elections is to ban "soft money" contributions. He will fight to pass the bipartisan campaign finance reform legislation championed by Senators John McCain (R-AZ) and Russ Feingold (D-WI) and Representatives Christopher Shays (R-CT) and Marty Meehan (D-MA). If elected President, he will make this legislation the first bill he submits to Congress.

Enact New Lobbying Reform. To break the link between money and political influence, Gore would propose two important reforms of the laws governing lobbyists' activities. First, he would would propose legislation requiring Washington lobbyists to publicly disclose information on all of their activities - such as the names of officials to whom lobbyists have contributed and the specific meetings they have attended to discuss legislation. Second, he would challenge the Congress to post this information every month on the Internet, so that all Americans could see information on those trying to influence their representatives.

Strengthen the Federal Elections Commission (FEC). Al Gore would strengthen the FEC by devoting more resources to this body, strengthening its powers of investigation and nominating reform activists to the FEC. Al Gore joins Senator John McCain in strongly opposing Trent Lott's nomination of reform nemesis Brad Smith to the FEC.

Require "527" Committees to File Statements of Organization or Lose their Tax-Exempt Status. 527 committees are the equivalent of Swiss bank accounts for campaigns. Section 527 of the Internal Revenue Service code was originally designed for national party organizations that already comply with FEC rules. 527 committees have been relying upon a federal court ruling to hide their donors from the public and use the money raised to fund attack ads. Al Gore would require that 527 committees file initial statements of organization in order to maintain their tax-exempt status.

Improve Disclosure of Issue Advocacy Advertisements. Al Gore supports measures to require that all issue advertisements by special interest groups broadcast within 60 days of an election disclose their sources of funding.

Provide Candidates Targeted in Issue Advertisements with Equal Air Time. Al Gore will request the Federal Communications Commission (FCC) to require broadcasters to provide candidates in campaigns targeted by issue advocacy advertisements with an equal amount of free broadcast time.

Support Television Time for Democracy. Al Gore strongly endorses the proposal championed by reform advocate Paul Taylor to encourage broadcasters to agree to a voluntary standard of free broadcast time. That standard calls on broadcasters to offer five minutes a night of candidate-centered discourse in the thirty nights preceding an election.

Step Two: The Democracy Endowment

Al Gore believes that getting soft money out of politics and increasing the transparency of the system will help restore Americans' faith in democracy. In addition, making lobbyists more accountable and their activities more transparent will allow more Americans to see when special interests are operating in conflict with the public interest.

But these are only initial steps. To restore the faith of the American people in democracy and break the link between special interests and political influence, candidates must be freed from the dependence on private dollars to finance the escalating cost of campaigns.

Al Gore is proposing the creation of the Democracy Endowment. Similar in concept to a university or college endowment, the Democracy Endowment would raise $7.1 billion within a seven-year period, after which the interest from investments would be used to finance the campaigns of general election candidates who agree not to accept any other sources of funding.

The Endowment would be created as a public-private partnership run by trustees that would manage its investments. Campaign limits would be based on a combination of factors, including the average cost of previous House and Senate elections, and for Senate races, population and media markets in each state. In order to encourage all Americans to participate, Al Gore would propose a 100 percent tax deduction for any individual or corporation that makes contributions to the Democracy Endowment. The tax deduction would expire after seven years or at the time the Endowment reaches its funding goal, whichever comes first. The total cost of this proposal to the Treasury, during the time taken to fully fund the Endowment, would be $2.13 billion. If the full seven years were required to meet the Endowment's funding goal, the average annual cost to the Treasury would be $304 million.

In order to fund Congressional campaigns at a reasonable rate, this fund would have to contain $7.1 billion at the end of the seven-year period. If fundraising for the Endowment fell short at the end of the period for which the tax deduction is in place, broadcasters -- under the terms of the authorizing legislation -- would be required to provide an amount of free television and radio time (measured in rating points) to candidates in order to make up for the shortfall.

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CAMP. FINANCE

Paul J. Weinstein Jr.
09/10/99 04:37:47 PM

Record Type: Record

To: Eric P. Liu/OPD/EOP@EOP

cc:
Subject:

Next week the House is planning to take up campaign finance reform. The "Shays-Meehan Bill" -- which would ban the largely unregulated contributions to political parties known as "soft money," regulate so-called issue advocacy advertisements and revamp certain Federal Election Commission (FEC) procedures -- passed the House last year by a vote of 252-179. This year prospects for final passage of a clean bill is uncertain.

Supporters are going to have to defeat a series of proposals that many describe as "poison pill" amendments, including three substitutes that threaten to slay the measure. According to the debate rules crafted by the House Republican leadership prior to the August recess, the Shays-Meehan bill has a shot at a straight floor vote only if and when the House rejects the three other GOP substitute proposals.

If the House approves the rule, members would consider 10 amendments to Shays-Meehan, and then debate substitute amendments by John T. Doolittle, R-Calif., Asa Hutchinson. R-Ark., and Bill Thomas, R-Calif., in that order. As soon as one of the substitutes passes, it would replace the bipartisan base bill and be put to the House for a vote on final passage.

THE THREE SUBSTITUTES:

- Doolittle's bill (HR1922) would remove limitations on the size of campaign donations, and end public financing of presidential elections.
- The Hutchison alternative would ban soft money but increase limits on "hard money," or regulated, targeted contributions that individuals can contribute.
- The Thomas substitute, aims to prevent foreign campaign contributions and streamline FEC procedures. Because it focuses for the most part on revamping FEC procedures and does not touch on the more controversial campaign finance issues, Thomas' proposal enjoys broader support than the other two substitutes, and poses more of a threat to the long-term viability of Shays-Meehan.

One of the 10 or so amendments expected to be offered to the actual Shays-Meehan bill, slated to be presented by E. Clay Shaw Jr., R-Fla., is causing great worry among bill supporters. The Shaw proposal would require that half of the campaign money lawmakers receive come from their home states. If the Shaw amendment is successful, Shays-Meehan supporters argue the bill will be doomed because it will lose the votes of many lawmakers, especially those from poorer areas, who strongly oppose such a requirement. Interestingly, a study we did back in 1996 shows that an in-state requirement raising floor would not be problemmatic for Democratic Members in the House although some Senate candidates would face hurdles. Such a proposal was included in an early draft of McCain-Feingold. I believe it would be hard for the President to veto a campaign finance reform bill over this clause.

A SAP has been prepared by OMB which indicates the Administration's strong support for a clean, up or down vote on Shays-Meehan and our strong opposition to the Goodling "Worker Protection Act" amendment which would prevent labor unions from using worker dues or fees for political, social, or charitable activities without prior written authorization from the worker.

Barry J. Toiv

09/13/99 06:30:48 PM

Record Type: Record

To: Joel Johnson/WHO/EOP@EOP, Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP, Paul J. Weinstein Jr./OPD/EOP@EOP

cc:
Subject: Well, AP didn't use our letter this time around, but USA Today, LA Times and others might

GOP Warns of Campaign Finance Change

By DAVID ESPO Associated Press Writer

WASHINGTON (AP) -- With campaign finance legislation looming this summer, Republican chairman Jim Nicholson and a key GOP House lawmaker made a private appeal aimed at the political self-interest of the party's rank-and-file.

Passage of the bill would strip the party of a $40 million ``soft money'' advantage over Democrats, warned Nicholson and Rep. Tom Davis, the Virginian who chairs the Republican House campaign committee, according to GOP sources.

The two men added that the bill's proposed ban on soft money would leave GOP candidates vulnerable to unlimited expenditures by unions and other groups laboring to overturn the narrow Republican majority in the House.

Soft money donations, unlimited in size and unregulated by the federal government, are used by the parties and some politicians to advance their causes.

``During the 1998 election cycle, soft money helped fund over 32 million phone bank calls, over 27 million GOTV (get out the vote) mail pieces, over 18 million absentee ballots and over 4.5 million issue and GOTV calls,'' said material prepared for the two men's presentation.

In addition, Republican used soft money to transfer $34.3 million to state parties and to make $5.8 million in direct contributions to state and local candidates.

``Democrats know that eliminating soft money will give them an electoral advantage,'' the material went on to say. ``They will always have massive union funds and manpower to make up the difference.''

The session marked another phase in a long effort by GOP leaders to kill the bipartisan measure. The bill, due on the House floor on Tuesday, enjoys the support of the White House as well as most House Democrats and a minority of Republicans.

Prospects appear to favor House passage. But sponsors of the measure, speaking at a news conference on Monday, cautioned that the outcome was not assured.

``This is the moment of truth for all who support reform to our corrupt campaign finance system," said Rep. Christopher Shays, the Connecticut Republican. ``It is a debate that is long overdue."

The House approved a nearly identical measure last year over first the opposition, then the delaying tactics of the GOP leadership.

This year, Speaker Dennis Hastert, R-Ill., made it a test of his leadership to postpone debate until the fall. Republican advocates of the bill reported him declaring at one session that passage of the soft money ban would impose ``unilateral disarmament" on Republicans.

This year, as last, House passage would leave the bill at the mercy of a filibuster by Senate Republicans.

The measure, authored by Shays and Rep. Martin Meehan, D-Mass, would ban national political parties from accepting unlimited soft money donations and prohibit state parties from using such funds to influence federal elections.

The measure also would impose restrictions on so-called ``issue ads," which sometimes sharply attack a candidate without specifically advocating his defeat. These commercials could only be financed through hard money -- raised in smaller amounts than soft money -- within 60 days of an election.

A similar bill cleared the House a year ago on a vote of 252-179.

Even so, supporters of the measure were marshaling their forces to oppose a clutch of amendments they labeled as ``poison pills" aimed at breaking up the bipartisan coalition they had built. One, for example, would alter the treatment of issue ads, while another would require labor unions to gain written permission from members before using their dues for political activities.

The comments by Nicholson and Davis at a closed-door meeting in August sparked debate among Republicans.

Shays and Rep. Zach Wamp of Tennessee defended the measure.

But other Republicans, including Reps. Anne Northup of Kentucky, and Jim Rogan of California, seconded the warnings of the party leaders.

``I did talk about soft money and balance,'' Ms. Northup said in an interview. She said she was concerned about the impact on Republican candidates if the bill's soft money ban was allowed to stand by the courts and the companion provision restricting advertising by unions and others was allowed to stand.

``They know they will hurt Republicans more than Democrats and they don't care,'' she said of GOP supporters of the measure.

Soft money contributions to the Republican National Committee and the GOP Senate and House campaign committees totaled more than $130 million in the 1997-1998 election cycle, according to material presented to the lawmakers in August. By contrast, Democrats took in under $100 million.

Figures for the first half of 1999 also show a big Republican advantage.

AP-NY-09-13-99 1732EDT

Paul 9/14

- Gore - free TV 1st to do; C '92 - endorse soft $ ban + free TV
- at 1st, Walden got us on pub fin - died
- orig McCain-Feingold '95
  - free TV, soft $, PAC limits. (1st a ban, then $ amt.)
  - in-state lim.
  - Clinton endorsed
  - added indep expend reforms over time.
  - were argue end soft $, keep I.E. - bad
- Shays-Meehan passed last year, somewhat surprising.
- tried get FCC to look at free TV thru reg. process;
  Kennard blocked, GOP threatened shut down FCC
  - Gore Commission: 1/2 broadcasters, 1/2 pub interest,
    ended up w/ nothing
- tried get FEC ban soft $.

→ a Base Closure Commission? a Fast-Track Auth

CAMPAIGN FINANCE

September 14, 1999

Time	Name	Organization	Phone Number	Message
12:45 pm	Aaron Lieberman	JumpStart	(617) 542-5867 Ext 11	Wants to run an idea by you; would love to talk to you today
1:25 pm	Annie Boyer		250-3950 (in Boston)	Give a call when have a chance
~~2:00 pm~~	Dana Milbank			He is out on Friday, but available on Weds or Thurs

Grup Fitoole

Outlook

Continued from page 8

The Senate, which cleared the controversial Labor-HHS bill last Thursday, has scheduled a cloture vote on the Agriculture conference report for 5:30 p.m. today.

The measure has been held up by senators from Mid-Atlantic states who say it does not include enough disaster relief money for their region. The Senate also could take up the Defense and VA-HUD conference reports after they are passed by the House.

Meanwhile, the Senate will most likely take up campaign finance reform Wednesday, spending five days to vote on a series of amendments offered to the bill sponsored by **Sens. John McCain**, R-Ariz., and **Russell Feingold**, D-Wis. A final vote could come on Oct. 19.

Rep. Asa Hutchinson, R-Ark., will join McCain and Feingold at a news conference today to endorse the slimmed-down version of the McCain-Feingold bill, which includes a ban on so-called soft money and limits on union dues.

Hutchinson had sponsored a House bill that restricted federal soft money — but he opposed restrictions on independent expenditure ads that were included in the House-passed bill by **Reps. Christopher Shays**, R-Conn., and **Martin Meehan**, D-Mass.

Senate Minority Leader Daschle said he would offer the Shays-Meehan bill as one of the first Democratic amendments, as well as the original McCain-Feingold bill — which last year fell eight votes short of the 60 needed to win cloture.

Senate Majority Whip Nickles is expected to offer an amendment that would make it more difficult for unions to subtract dues for political purposes from worker's paychecks.

Sen. Chuck Hagel, R-Neb., plans to offer an amendment that would restrict soft money donations to $60,000, but not ban them. Hagel will also propose tripling the current federal contributions limits, and seek stronger FEC disclosures.

Sen. Joseph Lieberman, D-Conn., is reportedly drafting an amendment that would close a potential loophole in the IRS code, allowing groups to raise political money without disclosure requirements.

National Republican Senatorial Committee Chairman Mitch McConnell of Kentucky, the most ardent Senate opponent of the McCain-Feingold bill, will appear Wednesday before the National Association of Manufacturers to discuss his objections to a soft money ban.

Following are the latest updates on other action expected this week:

APPROPRIATIONS: At 10 a.m. today, the Interior appropriations conference committee is scheduled to meet.

Appropriations sources were hopeful that conferees could officially convene on the Commerce-Justice-State bill by the end of the week — which, if accomplished, would leave only the Labor-HHS bill to be conferenced next week.

BANKING: **Senate Banking Chairman Gramm** and **House Banking Chairman Leach** today may be ready to present a joint mark on financial services modernization legislation.

But the two sides were uncertain late last week whether their negotiations had progressed far enough. If they do present the document, then the conference committee can proceed to marking up the bill Thursday and Friday.

Gramm and Leach last Thursday had a private meeting that proved in the words of several informed sources to be "inconclusive."

Bill supporters expressed concerns last week that the bank modernization bill, which has been about 25 years in the making, could get tripped up over what one source referred to as "the two Ms."

Those include merchant banking — which the Treasury Department wants included as part of a bank opsub's repertoire — and the word "maintain," which refers to a bank's obligation to maintain a satisfactory Community Reinvestment Act rating following a merger with other financial entities.

Gramm is opposed — both to Treasury's drive to include merchant banking in opsubs, and to congressional Democrats' desire for "maintain" as a part of the bill's CRA language.

Meanwhile, the Independent Insurance Agents of America and the National Association of Life Underwriters late last week informed Gramm that they would be forced to "actively oppose" any banking bill that does not

Leadership Events

■ **HOUSE SPEAKER HASTERT** returns today from a trip to Georgia and Illinois over the Columbus Day weekend.

On Wednesday, he will join **Minority Leader Gephardt** for an unveiling of a portrait of former **Speaker Foley**. The portrait will be hung in the Speaker's Lobby.

On Thursday, Hastert will address the Republican Women's Federal Forum.

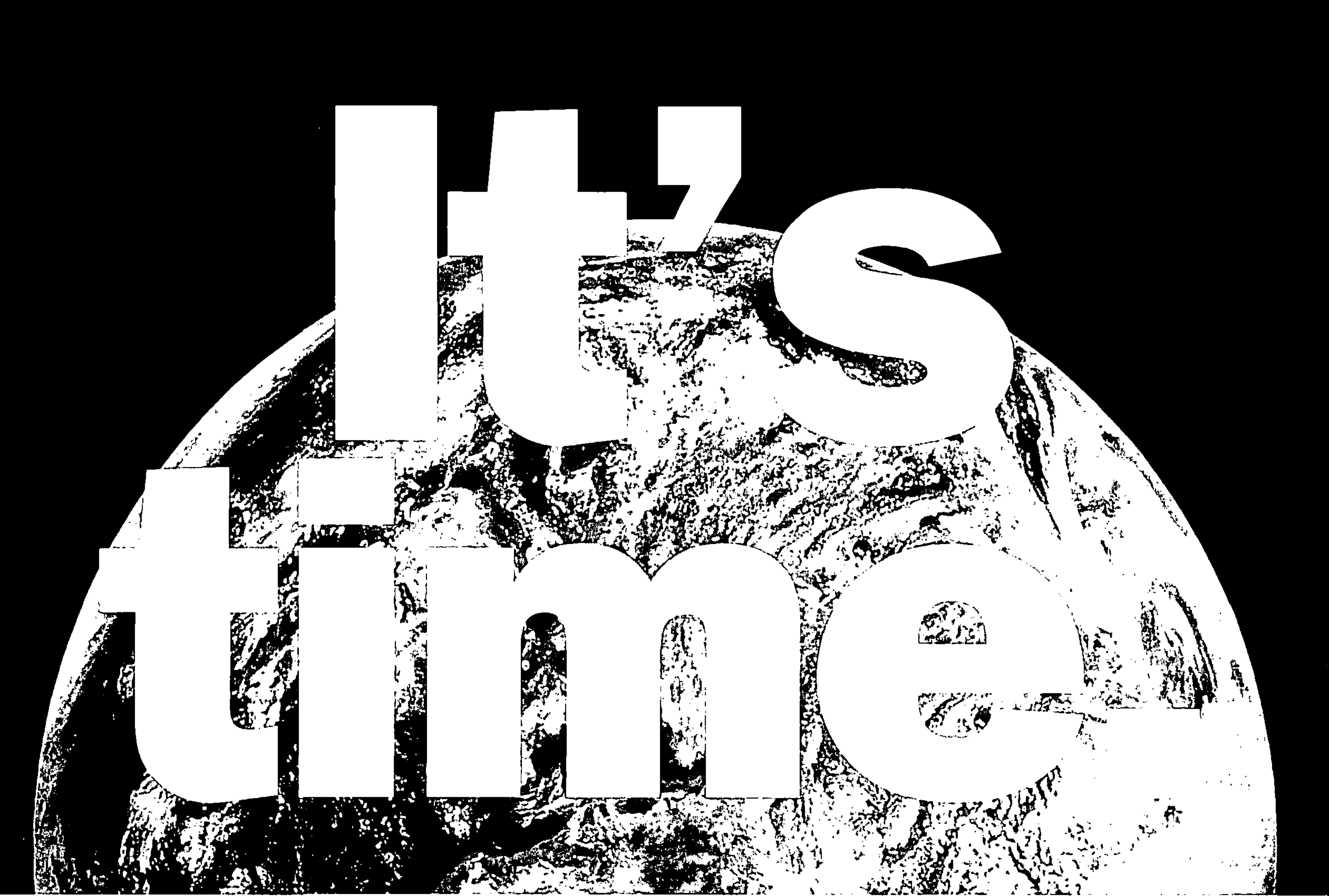
Majority Leader Armey will deliver a speech on the future of American conservatism to the Heritage Foundation Wednesday.

Senate Majority Leader Lott and **Minority Leader Daschle** will speak at a dinner tonight for Senate spouses.

President Clinton today meets with Jordanian King Abdullah. This evening he will host another in his series of "millennium" events, this one focusing on information technology in the 21st century.

On Wednesday he unveils his forest protection initiative at the White House. That evening, he speaks before the Democratic National Committee. On Thursday, he hosts the UConn men and Purdue women 1999 NCAA men's basketball champions at the White House.

And Friday, he meets with Norwegian Prime Minister Bondevik.



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People in science, government and industry are presently working to meet the energy demands of the future. Others are working to find ways to protect the environment in the face of these increased demands. Unfortunately, the various organizations and groups involved are often unaware of what each is doing.

That's why the Outlook Policy Forum was formed. We believe that, by bringing together representatives from government and environmental organizations, universities and research centers, industry and agricultural interests, the energy needs of the future will be met in ways that will be far more benign to the environment.

We hope to serve as a catalyst and facilitator for the development of a long-term national energy strategy for the United States.

It's to that end that we'll be working. How successful will we be?

We'll let you know on these very same pages in the coming months.

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Camp Finance

September 24, 1999

MEMORANDUM FOR THE PRESIDENT & VICE PRESIDENT

THROUGH: Bruce Reed
Charles Burson

FROM: Paul Weinstein Jr.
Morley Winograd

SUBJECT: Comparison of Senate and House Bipartisan Campaign Finance Reform Bills

Background

The McCain-Feingold campaign finance reform bill was debated on the Senate floor three times in the 105th Congress. The version introduced in the 106th Congress (S. 26) is the same bill that a majority of the Senate supported in a series of votes in February and September 1998. With only 52 votes in favor, however, the bill has never gotten past a filibuster.

On September 14, 1999, the House of Representatives passed the Shays-Meehan campaign finance bill by a sizable bipartisan margin of 252-177. This bill is comparable to S.26. Two days later, however, in an effort to secure more votes, Senators McCain and Feingold introduced a scaled-down version of their bill (S. 1593). It will serve as the base bill for Senate consideration of campaign reform, which Majority Leader Lott has promised will commence no later than October 12, 1999.

Revised Version of McCain-Feingold (S.1593)

The scaled-back McCain-Feingold bill consists of the following two provisions:

A Ban on Soft Money. The bill would prohibit all soft money contributions to the national political parties from corporations, labor unions and individuals. In addition, state parties that are permitted under state law to accept these unregulated contributions would be prohibited from spending them on activities relating to federal elections, including advertising that mentions a federal candidate. Federal candidates would also be prohibited from raising soft money in connection with a federal election. These provisions would prohibit the \$100,000, \$250,000 and \$500,000 contributions that have flowed to the political parties in recent years. A record \$262 million in soft money was raised by the parties during the 1996 presidential election cycle. In the first six months of the 2000 cycle, the parties raised \$55.1 million, an 80 percent increase over a similar period in the 1996 cycle.

This version of McCain-Feingold also doubles the amount of "hard" money individuals may contribute to state parties for use in federal elections, from \$5,000 to \$10,000. It increases the aggregate amount of "hard" money an individual may contribute to all federal candidates and parties in a single year from \$25,000 to \$30,000.

Strict Codification of the Beck *Decision.* The bill also requires labor unions to notify non-union members that they are entitled to have their agency fees reduced by an amount equal to the portion of fees used for political purposes.

Shays-Meehan (as adopted by the House)

The Shays-Meehan bill, as adopted by the House, includes the ban on soft money and the *Beck* codification. It also includes the following provisions:

1. Expanded Definition of "Express Advocacy" to Include:

   - radio and TV ads, run within 60 days of an election, that refer to a clearly identified federal candidate; or
   - any communication, run at any time, that contains unambiguous and unmistakable support for or opposition to a clearly identified federal candidate

   Ads falling under this definition could only be run using regulated "hard dollars."

2. Improved FEC Disclosure and Enforcement: Requires FEC reports to be filed electronically, and provides for Internet posting of this and other disclosure data. Includes random audits after elections.

3. A Commission to Study Further Reforms: This is a base-closing style commission with an equal number of members from both parties chosen by the leadership of the House and Senate.

4. Foreign Money and Fundraising on Government Property: Clarifies that it is illegal to raise not only hard money -- but soft money as well -- from foreigners or on government property.

5. Franking: Expands the ban on unsolicited franked mass mailings from the current three months before a general election to six months.

6. Wealthy Candidates: Bans coordinated party contributions to candidates who spend more than $50,000 in personal funds on their own campaigns.

7. Clearinghouse: Establishes a clearinghouse of information within the FEC which includes lobby reports, reports filed under the Foreign Agents Registration Act, congressional witness lists and gift disclosures. Further strengthens FEC enforcement by requiring suspected foreign donations to be deposited in an escrow account rather than immediately returned to the contributor.

8. Penalties for Violation: Increases penalties for violation of foreign money ban.

9. Legal Permanent Residents: Restricts their ability to participate in the political system.

10. Clarifies the right of U.S. nationals (mainly American Somoans) to make campaign contributions.

11. Travel Reimbursement: Requires non-federal office holders who use federal government transportation for campaign costs to reimburse the government for the full cost.

Analysis

The difference between these bills is plain. The scaled-down McCain-Feingold would squeeze one side of the campaign money balloon but simply allow another side to bulge. Shays-Meehan, by contrast, would compress the size of the entire balloon.

We recommend that you continue to support Shays-Meehan as passed for two reasons. First, as a matter of policy, a soft money ban without any restrictions or disclosure requirements of third party advertisements will create a flood of money for unregulated issue ads, whose sponsorship will be totally unknown. Second, as a matter of legislative strategy, we believe that you should support the House bill in order to maximize the Administration's bargaining leverage in conference. It is premature, in our view, to abandon the more comprehensive reforms of Shays-Meehan. While that bill's express advocacy restrictions make it more constitutionally and politically problematic, given these two choices we believe Shays-Meehan is the better option.