Campaign Finance Reform

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Addendum

Summary of Shays-Meehan Legislation as Approved by The House of Representatives

- Bans Soft Money
- Prohibits national, State, district, or local committees (including national congressional campaign committees and specified related entities) from soliciting funds for, or making or directing donations to, tax-exempt organizations or organization applicants for tax-exemption status.
- Prohibits any person from making contributions to a State committee in any year that exceed, in the aggregate, $10,000.
- Increases the aggregate individual contribution limit from $25,000 to $30,000.
- Clarifies definition of Independent and Coordinated Expenditures to mean an expenditure by a person for a communication that is express advocacy and is not coordinated activity or is not provided in coordination with a candidate or a candidate's agent, or a person who is coordinating with a candidate or a candidate's agent. Defines the term "express advocacy." Also redefines the term "expenditure" to include a payment made by a political committee for a communication that refers to a clearly identified candidate and is for the purpose of influencing a Federal election (regardless of whether the communication is express advocacy).
- Disclosure of Independent Expenditures – Requires independent expenditures of certain amounts be disclosed to the FEC in election cycles.
- Prohibits a committee of a political party, on or after the date on which the political party nominates a candidate, from making both coordinated and independent expenditures to the candidate during the election cycle.
- ask FEC Immediate Disclosure – Requires electronic filing of reports and making reports publicly accessible on the Internet within 24 hours.
- Prohibits any mass franked mailings during the 180-day period before a general election for the office held by the Member of Congress or during the 90-day period before any primary election for that office.
- Clarifies prohibition against fundraising on federal property (Sec. 504) Amends the Federal criminal code to revise the prohibition against fund raising on Federal property.
- Doubles the penalties for knowing and willful violations of FECA, the Presidential Election Campaign Fund Act (PECFA), and the Presidential Primary Matching Payment Account Act (such Acts).
- Revises the ban on contributions by foreign nationals, prohibiting use of "willful blindness" as a defense against a charge of violating the foreign contributions ban under FECA, by prohibiting as a defense to a violation of such ban that the defendant did not know that the contribution originated from a foreign national if the defendant should have known that the contribution originated from a foreign national.

Need have disclosure of contributions of candidate Every two weeks

The Commission General

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- Prohibits minors (age 17 or younger) from making contributions to candidates or contributions or donations to committees of political parties.
- Establishes criminal penalties for violation of the prohibition against contributions by foreign nationals.
- Prohibits presidential and vice presidential candidates from receiving amounts from the Presidential Election Campaign Fund (PECF) unless the candidate certifies that the candidate will not solicit any funds (soft money) for the purposes of influencing such election, including any funds used for an independent expenditure under FECA, unless the funds are subject to FECA requirements.
- Independent Commission on Campaign Finance Reform - Establishes the Independent Commission on Campaign Finance Reform to study and report to the President, the Speaker of the House, and congressional leadership on the laws relating to the financing of political activity, and recommend any legislation to reform them. Provides for expedited congressional consideration of any legislation implementing a recommendation of the Independent Commission, including a joint resolution proposing an amendment to the Constitution.
- Amends the Federal criminal code to prohibit and set penalties for the use of White House meals and accommodations for political fund raising.
- Sense of the Congress Regarding Fundraising on Federal Government Property - Expresses the sense of the Congress that Federal law clearly demonstrates that "controlling legal authority" under the Federal criminal code prohibits the use of Federal property to raise campaign funds.
- Ban on Coordinated Soft Money Activities By Presidential Candidates - Amends IRC to prohibit coordination of soft money for issue advocacy by presidential and vice presidential candidates receiving public financing from PECF, unless such funds are subject to FECA requirements.

(12) Campaign Finance Trust Fund after Public Financing

(13) FEC

(14) Electronic

Paul J. Weinstein Jr.
09/16/99 03:36:53 PM

Record Type: Record

To: Charles W. Burson/OVP@OVP

cc: See the distribution list at the bottom of this message
Subject: Summary of Shays-Meehan as passed

SUMMARY OF SHAYS-MEEHAN "CAMPAIGN FINANCE REFORM ACT" LEGISLATION

Original Bill

1. Soft Money Ban: Completely eliminates federal soft money, as well as state soft money that influences a Federal election. Increases the aggregate hard dollar contribution limit from $25,000 to $30,000.

2. Strengthens Definition of "express advocacy" to include:

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

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

3. Improved FEC Disclosure and Enforcement: Requires FEC reports to be filed electronically, and provides for Internet posting o fthis and other disclosure data. Also provide for expedited and more effective FEC procedures. Includes random audits after elections.

4. Establishment of a commission to study further reforms to our campaign finance system: This is a base-closing style commission with an equal number of members from both parties choosen (12) by the leadership in the House and Senate. Will have to submit recommendations in 180 days.

5. 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.

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

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

8. Voter Guides: Clearly exempts educational voter guides from definition of expressed advocacy.

9. Clearinhouse: 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.

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

Amendments Adopted to Shays-Meehan Campaign Finance Reform Act In The House of Representatives

1. **Bereuter/Wicker (Passed 242-181):** Restricts the ability of Legal Permanent Residents to participate in the political system. Unlike foreign nationals, Legal Permanent Residents -- or "citizens in training" -- pay taxes and have military obligations. This amendment would prohibit anyone who is not a U.S. citizen or U.S. national from making campaign contributions. Under current Federal election law, an individual does not have to be a U.S. citizen to make campaign contributions to Federal candidates. He or she does not even have to be a U.S. national. Under current Federal election law, a person can make a campaign contribution to candidates running for Federal office if that individual is a permanent legal resident alien and is, in fact, residing in the United States.
2. **Faleomavacga (Passed Voice Vote):** Clarifies the right of U.S. nationals (mainly American Somoans) to make campaign contributions.
3. **Sweeney (Passed 261-167):** Requires non-federal office holders who use federal government transportation for campaign costs to reimburse the government for the full cost.

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CFR

THE WHITE HOUSE

WASHINGTON

October 14, 1999

Dear Mr. Leader:

For three years the Vice President and I have challenged Congress to pass comprehensive, bipartisan campaign finance reform. Twice, such reform has passed by an overwhelming majority in the House of Representatives, only to be blocked by a minority in the Senate who prefer the status quo.

This week the Senate has a chance to pass the McCain-Feingold "Bipartisan Campaign Reform Act." This bipartisan legislation, which consists mainly of a ban on so-called soft money, allows us to move the process of reform forward and I ask the Senate to pass it. However, I also call on the Senate to adopt amendments that will bring this bill in line with the comprehensive reform legislation recently enacted by the House of Representatives.

Since 1992, I have called for an end to the soft money system. I have also asked the Federal Election Commission to use its authority to end soft money contributions. I believe that a soft money ban, combined with provisions to address backdoor spending by outside organizations and to strengthen public disclosure, represents the best path to meaningful and comprehensive reform.

The Senate now has a rare and fleeting opportunity to act. The American people are watching. I urge you to make this the year that Congress confounds public cynicism, and passes bipartisan, comprehensive campaign finance reform.

Sincerely,

The Honorable Trent Lott
Majority Leader
United States Senate
Washington, D.C. 20510

September 24, 1999

MEMORANDUM FOR THE VICE PRESIDENT

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.