The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated on February 23, 1998:

By Mr. LOTT:

S. 1663. A bill to protect individuals from having their money involuntarily collected and used for politics by a corporation or labor organization; read twice.

By Mr. CLELAND:

S. 1664. A bill to reform Federal election campaigns; to the Committee on Rules and Administration.

By Mr. SPECTER (for himself and Mr. SANTORUM):

S. 1665. A bill to reauthorize the Delaware and Lehigh Navigation Canal National Heritage Corridor Act, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. LIEBERMAN:

S. 1666. A bill to amend Federal election laws to better define the requirements for Presidential candidates and political parties that accept public funding, to better define the limits on the election-related activities of tax exempt organizations, and for other purposes; to the Committee on Finance.

By Mr. GRASSLEY:

S. 1667. A bill to amend section 2164 of title 10, United States Code, to clarify the eligibility of dependents of United States Service employees to enroll in Department of Defense dependents schools in Puerto Rico; to the Committee on Armed Services.

By Mr. SHELBY:

S. 1668. An original bill to encourage the disclosure to Congress of certain classified and related information; from the Select Committee on Intelligence; placed on the calendar.

By Mr. SARBANES (for himself and Mr. WARNER):

S.J. Res. 41. A joint resolution approving the location of a Martin Luther King, Jr., Memorial in the Nation's Capital; to the Committee on Environment and Public Works.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. GRASSLEY (for himself, Mr. BOND, Mr. BROWNBACK, and Mr. ROBERTS):

S. Con. Res. 74. A bill expressing the sense of the Congress relating to the European Union's ban of United States beef and the World Trade Organization's ruling concerning that ban; to the Committee on Finance.

By Mr. FEINGOLD (for himself and Mr. KOHL):

S. Con. Res. 75. A concurrent resolution honoring the sesquicentennial of Wisconsin statehood; to the Committee on the Judiciary.

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. SPECTER:

S. Res. 179. A resolution relating to the indictment and prosecution of Saddam Hussein for war crimes and other crimes against humanity; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CLELAND:

S. 1664. A bill to reform Federal election campaigns; to the Committee on Rules and Administration.

THE FEDERAL ELECTION ENFORCEMENT AND DISCLOSURE REFORM ACT

Mr. CLELAND. Mr. President, the year 1996 witnessed both a record high in the amount of money spent in pursuit of federal office—a staggering $1 billion, an increase of 73 percent just since 1992—and the second worst turnout in American history. In 1996, some $220 million was spent on Senate races alone—an average of $4.5 million per campaign. Members of Congress combined currently raise an average of about $1 million a day. It has been estimated that if these trends continue, by the year 2025 it will take $145 million to finance an average Senate campaign. This is truly a ridiculous situation.

When I came to the Senate last year, I volunteered to serve on the Governmental Affairs Committee. Sitting in the Committee's hearings on campaign finance abuses and listening to the sordid tale of the 1996 money chase was a most unsettling experience. What I witnessed, heard and read made me even more convinced that we must strengthen our campaign financing laws, now, and provide strong enforcement through the Federal Election Commission of these laws, now, or risk seeing our election process be swept away in a tidal wave of money.

At the conclusion of the Governmental Affairs hearings, I wrote to the Committee Chairman to make four basic recommendations as appropriate follow-ons to the investigation:

(1) That we refer all evidence in the Committee's possession of alleged illegal acts to the Justice Department;

(2) That we hold additional hearings on both FEC enforcement and ''gray areas'' in current law, such as the Pendleton Act and the definition of campaign coordination;

(3) That we mutually work for passage of McCain-Feingold as the best first step in curing our system-wide campaign finance problem; and

(4) That, to the maximum extent feasible, the Majority and Minority work to produce a joint final report, with bipartisan conclusions and recommendations.

While the jury is still out on my first three suggestions, clearly the final one—concerning a bipartisan committee report—will, unfortunately, not be adopted. The separate, partisan reports which are apparently to be released this week represent a lost opportunity to present a strong, united case for reform.

Regardless of what action the Senate takes, or fails to take, on McCain-Feingold, we need to turn to additional reforms in order to further improve our electoral process. I am pleased today to introduce the Federal Election Enforcement and Disclosure Reform Act which is aimed at dealing with two of the biggest problems confronting our current federal campaign system: the inability of the Federal Election Commission (FEC), as currently constituted and funded, to adequately enforce election laws; and the significant gaps in existing campaign finance disclosure requirements.

Let me be very clear that I continue to believe that enactment of McCain-Feingold, even in its reduced form, is an essential step for the Senate to take this year in beginning the process of repairing a campaign finance system which is totally out of control. Banning soft money and imposing disclosure and contribution requirements on sham issue ads aired close to an election, as provided for under McCain-Feingold, are absolutely vital reforms, without which the campaign finance system will only grow less accountable, and more vulnerable to the appearance, if not the fact, of undue influence by big money.

Nonetheless, I recognize that the issues raised by McCain-Feingold, in all of its forms, have become highly politicized and polarized, and continue to face a filibuster which threatens the Senate's ability to act on this legislation. Consequently, in addition to continuing to urge Senate adoption of McCain-Feingold, I want to broaden the scope of debate, and to begin the process of seeking common ground on important reforms which are, by and large, outside of the purview of McCain-Feingold.

As previously discussed, one of the most glaring deficiencies in our current federal campaign system is the ineffectiveness of its supposed referee, the Federal Election Commission. The FEC, whether by design or through circumstance, has been beset by partisan gridlock, uncertain and insufficient resources, and lengthy proceedings which offer no hope of timely resolution of charges of campaign violations.

Thus, the first major element of my bill is to strengthen the ability of the Federal Election Commission to be an effective and impartial enforcer of federal campaign laws. Among the most significant FEC-related changes I am proposing are the following:

Alter the Commission structure to remove the possibility of partisan gridlock by establishing a 7-member Commission, appointed by the President based on qualifications, for single 7-year terms. The Commission would be composed of two Republicans, two Democrats, one third party member, and two members nominated by the Supreme Court.

Give the FEC independent litigating authority, including before the Supreme Court, and establish a right of private civil action to seek court enforcement in cases where the FEC fails to act, both of which should dramatically improve the prospects for timely enforcement of the law.

Provide sufficient funding of the FEC from a source independent of Congressional intervention by the imposition of filing fees on federal candidates, with such fees being adequate to meet

the needs of the Commission—estimated to be $50 million a year.

A second major component of the Federal Election Enforcement and Disclosure Reform Act is to create a new Advisory Committee on Federal Campaign Reform to provide for a body outside of Congress to continually review and recommend changes in our federal campaign system. The Committee would be charged, ''to study the laws (including regulations) that affect how election campaigns for Federal office are conducted and the implementation of such laws and may make recommendations for change,'' which are to be submitted to Congress by April 15 of every odd-numbered year. As with the FEC, the Advisory Committee would receive independent and sufficient funding via the new federal candidate filing fees.

The impetus for the Advisory Committee is two-fold: (1) To build a ''continuous improvement'' mechanism into the Federal campaign system, and (2) to address the demonstrable fact that Congress responds slowly, if a all, to the need for changes and updates in our campaign laws. In both instances, the conclusion is the same: we cannot afford to wait twenty-five years or until a major scandal develops to adapt our campaign finance system to changing circumstances.

The final section of my bill seeks to enhance the effectiveness of campaign contribution disclosure requirements. As Justice Brandeis observed, ''Publicity is justly commended as a remedy for social and industrial diseases. Sunlight is said to be the best of disinfectants; electric light the most effective policeman.'' This is certainly true in the realm of campaign finance, and perhaps the most enduring legacy of the Watergate Reforms of a quarter-century ago is the expanded campaign and financial disclosure requirements which emerged. By and large, they have served us well, but as with everything else, they need to be periodically reviewed and updated in light of experience. Therefore, based in part on testimony I heard during last year's Governmental Affairs Committee investigation and in part on the FEC's own recommendations for improved disclosure, my bill will make several changes in current disclosure requirements.

Specifically, I am recommending two reforms which will make it more difficult for contributors and campaigns alike to turn a blind eye to current disclosure requirements by, first, preventing a campaign from depositing a contribution until all of the requisite disclosure information is provided; and second, requiring those who contribute $200 or more to provide a signed certification that their contribution is not from a foreign national, and is not the result of a contribution in the name of another person.

In addition, my legislation adopts a number of disclosure recommendations made by the FEC in its 1997 report to Congress, including provisions: requiring all reports to be filed by the due date of the report; requiring all authorized candidate committee reports to be filed on a campaign-to-date basis, rather than on a calendar year cycle; and mandating monthly reporting for multi candidate committees which have raised or spent, or anticipate raising or spending, in excess of $100,000 in the current election cycle.

In developing this legislation, I have been pleased to have the input and advice from a variety of individuals and organizations interested in the subject of campaign finance reform. In particular, while none of them bear any responsibility for the finished product, I would like to acknowledge and thank the Reform Party and its founder Ross Perot, and chairman Russ Verney, Common Cause, and its president Ann McBride and vice president Meredith McGehee, and the Federal Election Commission and its assistant general counsel Susan Propper for their insights.

It is easy to be pessimistic when considering campaign finance reform efforts. The public and the media are certainly expecting this Congress to fail to take significant action to clean up the scandalous campaign system under which we now run. But ladies and gentlemen of the Senate, I suggest that we cannot afford the luxury of complacency. We may think we will be able to win the next re-election because the level of outrage and the awareness of the extent of the vulnerability of our political system have perhaps not yet reached critical mass. But I am confident that it is only a matter of time, and perhaps the next election cycle—which will undoubtedly feature more unaccountable soft money, more sham issue ads of unknown parentage, more circumvention of the spirit and in some cases the letter of current campaign finance law—before the scales are decisively tilted in favor of reform.

We will have campaign finance reform. The only question is whether this Congress will step up to the plate, and fulfill its responsibilities, to give the American public a campaign system they can have faith in and which can preserve and protect our noble democracy as we enter a new century.

Mr. President. I ask unanimous consent that a summary of my bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY OF THE FEDERAL ELECTION ENFORCEMENT AND DISCLOSURE REFORM ACT

I. FEC REFORM

A. The Federal Election Commission (FEC) would be restructured as follows:

The Commission will be composed of 7 members appointed by the President who are specially qualified to serve on the Commission by reason of relevant—

—two Republican members appointed by the President;

—two Democratic members appointed by the President;

—one member appointed by the President from among all other political parties whose candidates received at least 3% of the national popular vote in the most recent Presidential or U.S. House or U.S. Senate elections; in the event no third party reaches this threshold, the President may consider all third parties in making this appointment; and

—two members appointed by the President from among 10 nominees submitted by the U.S. Supreme Court. One of these two members would be chosen by the Commission to serve as Chairman, and the other would serve as Vice Chairman.

Relevant knowledge (for purposes of qualification for appointment to the FEC) is defined to include:

—A higher education degree in government, politics, or public or business administration, or 4 years of relevant work experience in the fields of government or politics, and

—A minimum of two years experience in working on or in relation to Federal election law or other Federal electoral issues, or four years of such experience at the state level.

Commissioners will be limited to one 7 year term.

B. The FEC would be given the following additional powers:

Electronic filing of all reports required to be filed with the FEC would be mandatory, with a waiver permitted for candidates or other entities whose total expenditures or receipts fall below a threshold amount set by the Commission (similar to Section 301(a) of modified MCCAIN-FEINGOLD bill). The requirement for the submission of hard (paper) copies of such reports would be continued.

The Commission would be authorized to conduct random audits and investigations in order to increase voluntary compliance with campaign finance laws (same as Section 303 of modified MCCAIN-FEINGOLD bill).

The FEC would be authorized to seek court enforcement when the Commission believes a substantial violation is occurring, failure to act will result in ''irreparable harm'' to an affected party, expeditious action will not cause ''undue harm'' to the interests of other parties, and the public interest would best be served by the issuance of an injunction (same as Section 303 of S. 25).

The Commission would be authorized to implement expedited procedures for complaints filed within 60 days of a general election (same as Section 309 of S. 25).

Penalties for knowing and willful violations of the Federal Election Campaign Act would be increased (same as Section 305 of S. 25).

The Commission would be expressly granted independent litigating authority, including before the Supreme Court (same as Section 304 of HR 493).

Private individuals or groups would be authorized to independently seek court enforcement when the FEC fails to act within 120 days of when a complaint is filed. A ''loser pays″ standard would apply in such proceedings.

The Commission would be authorized to levy fines, not to exceed $5,000, for minor reporting violations, and to publish a schedule of fines for such violations.

Candidates for the Senate would be required to file with the FEC rather than the Secretary of the Senate (same as Section 301(b) of modified MCCAIN-FEINGOLD bill).

C. The FEC would be provided with resources in the following manner:

Consistent with its expanded duties, the FEC would be authorized to receive $50 million in FY1999 and FY2000, with this amount indexed for inflation thereafter.

The funding would be derived from a ''user fee'' imposed on federal candidate and party committees. The FEC would establish a fee schedule and determine the requisite fee

level to fund the operations of the FEC and the new Advisory Committee on Federal Campaign Reform. This determination will include a waiver for the first $50,000 raised by campaigns.

II. ADVISORY COMMITTEE ON FEDERAL CAMPAIGN REFORM

A. A new Advisory Committee on Federal Campaign Reform would be created.

B. The Committee would be composed of 9 members, who are specially qualified to serve on the Committee by reason of relevant knowledge, to be appointed as follows: 1 appointed by the President of the United States, 1 appointed by the Speaker of the House, 1 each appointed by the Majority and Minority Leaders of the U.S. House and Senate, 1 appointed by the Supreme Court, 1 appointed by the Reform Party (or whatever third party's candidate for President received the largest number of popular votes in the most recent Presidential election), and 1 appointed by the American Political Science Association. Committee members would elect the Chairman.

C. Committee members would each serve four-year terms, and would be limited to two consecutive terms.

D. The appointees by the Supreme Court, the Reform Party (or other third party), and the American Political Science Association must be individuals who, during the five years before their appointment, have not held elective office as a member of the Democratic or Republican Parties, have not received any wages or salaries from the Democratic or Republican Parties, or have not provided substantial volunteer services or made any substantial contribution to the Democratic or Republican Parties, or to a Democratic or Republican Party public office-holder or candidate for office.

E. Relevant knowledge (for purposes of qualification for appointment to the Committee) is defined to include:

A higher education degree in government, politics, or public or business administration, or 4 years of relevant work experience in the fields of government or politics, and

A minimum of two years experience in working on or in relation to national campaign finance or other electoral issues, or four years of such experience at the state level.

F. The Committee would be authorized to spend $1 million a year in its first year, indexed for inflation thereafter. Funding would be provided by the new campaign user fee discussed above.

G. The Committee would be required to monitor the operation of federal election laws and to submit a report, including recommended changes in law, to Congress by April 15 of every odd numbered year.

H. Congress would be required to consider the Committee's recommendations under ''fast track'' procedures to guarantee expeditious consideration in both houses of Congress.

III. ENHANCED CAMPAIGN FINANCE DISCLOSURE

A. Campaigns would be prohibited from putting contributions which lack all requisite contributor information into any account other than an escrow account from which money cannot be spent. Contributions placed in such an account would not be subject to the current ten-day maximum holding period on checks.

B. A new requirement would be placed on contributions in excess of $200 (aggregate): a written certification by the contributor that the contribution is not derived from any foreign income source, and is not the result of a reimbursement by another party.

C. The current option to file reports submitted by registered or certified mail based on postmark date would be deleted, thus requiring all reports to be filed by the due date of the report.

D. Authorized candidate committee reports would be required to be filed on a campaign-to-date basis, rather than on a calendar year cycle.

E. Monthly reporting would be mandated for multi candidate committees which have raised or spent, or anticipate raising or spending, in excess of $100,000 in the current election cycle.

F. The requirement for filing of last-minute independent expenditures would be clarified to make clear that such report must be received within 24 hours after the independent expenditure is made.

G. Campaign disbursements to secondary payees who are independent subcontractors would have to be reported.

H. Political committees, other than authorized candidate committees, which have received or spent, or anticipate receiving or spending, $100,000 or more in the current election cycle would be subjected to the same ''last minute'' contribution reporting requirements as candidate committees. (Under current law, all contributions of $1,000 or more received after the 20th day, but before 48 hours, before an election must be reported to the FEC within 48 hours.)

By Mr. SPECTER (for himself and Mr. SANTORUM):

S. 1665. A bill to reauthorize the Delaware and Lehigh Navigation Canal National Heritage Corridor Act, and for other purposes; to the Committee on Energy and Natural Resources.

THE DELAWARE AND LEHIGH NATIONAL HERITAGE CORRIDOR ACT AMENDMENTS OF 1998

Mr. SPECTER. Mr. President, I have sought recognition today to reintroduce legislation I originally introduced on November 8, 1997, to reauthorize the work of the Delaware and Lehigh National Heritage Corridor Commission in Pennsylvania. The new bill makes some technical changes which deal with method of appointing Commission members, ensuring that the Commission will continue to be composed of representatives from local and state agencies who have worked on this successful public/private partnership with the federal government over the past 10 years. I am hopeful that the Subcommittee on National Parks, Historic Preservation, and Recreation of the Senate Committee on Energy and Natural Resources will hold hearings on this bill as soon as possible. Since authorization for the Commission is set to expire in November, 1998, it is vital that the Senate pass this legislation this year to enable the Commission to continue its unfinished work in eastern Pennsylvania.

By Mr. LIEBERMAN:

S . 1666. A bill to amend Federal election laws to better define the requirements for Presidential candidates and political parties that accept public funding, to better define the limits on the election-related activities of tax exempt organizations, and for other purposes; to the Committee on Finance.

CAMPAIGN FINANCE REFORM LEGISLATION

Mr. LIEBERMAN. Mr. President, I rise today to introduce legislation designed to prevent future occurrences of some of the more egregious campaign finance abuses that we learned of during the Senate Governmental Affairs Committee investigation into the 1996 federal election campaigns.

What I have particularly in mind is the misuse of taxpayer money by our presidential candidates and by various tax-exempt organizations that intervened in both congressional and presidential elections in 1996.

Over the course of its inquiry, the Governmental Affairs Committee compiled a compelling record that leaves little question our political system was subverted in 1996 by overzealous presidential campaigns working with their parties to circumvent spending limits and by independent organizations abusing the special tax status conferred upon them. At times, the campaigns and outside groups conducted their business as if the election laws were written in invisible ink. Our democratic process suffered as a result.

My proposal focuses on two specific areas of the law whose spirit and intent were violated in 1996. They are the campaign finance statutes regarding the public financing of presidential campaigns and the tax code, as it applies to the political activity of tax-exempt organizations.

Let me first make clear that I am a steadfast supporter of the McCain-Feingold campaign finance reform bill. I hope the ideas that I present today might be considered as supplemental to it, since they complement McCain-Feingold and fill in some of the gaps that only became apparent after our year-long Governmental Affairs Committee investigation.

THE ABUSE OF PUBLIC FINANCING FOR PRESIDENTIAL CAMPAIGNS

Under the Presidential Election Campaign Fund Act and the Presidential Primary Matching Payment Account Act, the taxpayers spent approximately $236 million on the 1996 presidential campaigns. The purpose of this support was to limit spending in order to protect presidential candidates from the potentially corrupting influence of full-time fund-raising and to reduce the flow of private money into campaign coffers.

The two laws give public subsidies to presidential candidates and their parties at three stages. First, the Treasury matches contributions raised by certain primary candidates who agree to limit their primary spending to an amount specified in the statute. Second, political parties may receive a specified amount to fund their presidential nominating conventions if they agree to spend no more than that. Third, major party nominees who agree to limit their spending to the amount they receive in public funds are eligible for full public financing during the general election.

Both of 1996's major party candidates accepted public financing and pledged in return to limit their spending to $37 million during the primary season and $62 million during the general election.

But, as the Governmental Affairs Committee's hearings demonstrated, the candidates effectively ignored their pledges. Instead of curtailing their fund-raising and limiting themselves to spending the amount they agreed to, the two major party candidates continued raising massive amounts of money which their parties then spent on TV ads that advanced the nominees' candidacies. In other words, the public did not get the behavior they were supposed to get in return for their $236 million.

The McCain-Feingold campaign finance reform legislation, S. 25, would go a long way toward preventing these abuses by banning soft money and limiting the sources of funding available for running advertisements using a candidate's likeness or name within 60 days of an election.

But because the Supreme Court in Buckley v. Valeo explicitly sanctioned Congress's ability to impose even greater restrictions on those candidates who accept public financing, we should go beyond S. 25's proposals in regard to publicly-funded presidential candidates.

Therefore, I am introducing legislation that would underscore the original goal of the presidential public financing laws by banning candidates from raising soft money throughout their campaigns, requiring them to limit fundraising to hard money during the primary season, and prohibiting them from raising any money at all after they are nominated. My bill would further prevent presidential candidates from using the parties to circumvent spending limits by making illegal their involvement in any party spending on advertising that exceeds the amount federal law in 2 U.S.C. § 441a(d) explicitly authorizes for candidate/party coordination.

I am also proposing to limit what parties seeking public financing of their conventions can do. To get convention financing, parties would have to agree to use only hard money to pay for advertising using the name or likeness of the presidential candidates and would be limited in their coordinated or independent expenditures on behalf of presidential candidates to the amount set forth in Section 441a(d). Parties seeking convention financing also would have to agree to a ban on soft money and would be prohibited from soliciting or directing contributions for tax-exempt organizations.

THE ABUSE OF TAX-EXEMPT ORGANIZATIONS

And that leads me to an equally troubling phenomenon in the 1996 elections, which was the improper use of tax-exempts to circumvent the tax-code and campaign finance laws so that they could conduct partisan campaign-related activity.

The Federal Election Campaign Act (FECA) mandates strict limits on who may contribute to campaigns, and it imposes reporting and disclosure requirements on organizations involved in federal elections. The purpose is to ensure honest elections by limiting the sources of campaign funds and publicly identifying those trying to influence votes.

Groups with Internal Revenue Code Section 501(c)(3) status —which confers not only tax-exempt status but also the ability to receive tax-deductible contributions—may not intervene in any political campaign on behalf of or in opposition to any candidate. The tax code permits organizations with Section 501(c)(4) status—which qualify for tax-exempt status, but whose contributors cannot deduct their contributions—to engage in non-partisan election advocacy as long as that is not the group's primary activity.

Unfortunately, the scope of the activities some of these groups engaged in during the 1996 elections went far beyond what Congress intended.

The Republican National Committee, (RNC), for example, infused the 501(c)(4) organization Americans for Tax Reform, (ATR), with over $4.5 million in the weeks leading up to the 1996 election. The RNC sent that money to ATR just in time for ATR to pay its bills for a direct mail and phone bank campaign involving four million calls and 19 million pieces of mail explicitly disputing the Democrats' position on Medicare as it related to the November 5th election.

By funneling money through an outside group like ATR, the RNC was effectively able to hide the fact that it was behind the mail and phone calls. Recipients of the material funded by the RNC were left with the impression that it came from a disinterested organization, not the party itself.

The RNC also steered large amounts of money to the American Defense Institute (ADI), a 501(c)(3) organization that runs a voter turnout program for military personnel, who tend to vote Republican. The Washington Post reported on October 23, 1997 that in September 1996, ADI returned $600,000 donated to it by the RNC because, according to the group's president, ''we didn't want to be controversial and we had funding from other sources.'' However, as the Post reported, that money was not returned until several days after the RNC itself sent checks totaling $530,000 from six donors to ADI. Around that time, RNC Chairman Haley Barbour also apparently solicited $500,000 from the Philip Morris Companies Inc. for ADI.

The timing of these transactions raises the question of whether the RNC and ADI substituted the donor's money for the RNC's money to avoid publicizing the fact that the RNC was the source of ADI's funding—in other words, to avoid disclosure requirements. Furthermore, all the donors could take a tax deduction for their RNC-solicited ADI contributions, forcing taxpayers to subsidize donations to a political campaign.

On the Democratic side, the Committee heard testimony that Vote Now 96, the fund-raising arm of the 501(c)(3) get-out-the-vote organization Citizens Vote, Inc., sought and received help from the DNC in raising money for its work, presumably because these organizations were working to raise the turnout among groups who tend to vote Democratic. For example, the DNC apparently directed a $100,000 contribution to Vote Now 96 from Duvaz Pacific Corporation after it learned the head of the Philippine company, who had attended a DNC fund-raiser, could not legally contribute to the party because of her foreign citizenship.

There is also significant evidence that a number of tax-exempt groups, none of which disclosed their activities to the FEC, intervened in elections by producing TV ads the groups claimed were issue oriented, but which, in fact, were designed to influence specific elections. According to a study by the Annenberg Public Policy Center, the 501(c)(4) Citizens for Reform ran $2 million worth of ads during October and November of 1996 on behalf of several Republican congressional candidates around the country.

All of these activities by tax-exempt, presumably non-partisan corporations cry out for remedial action by Congress. The McCain-Feingold proposal, S. 25, partially addresses these problems by prohibiting party organizations from soliciting contributions for, or directing them to, tax-exempt entities. This is a very important restriction.

In addition, I am proposing to prohibit such organizations from coordinating any expenditure with parties and candidates and to forbid them to run advertisements or send direct mail identifying a candidate within 60 days of a general election or 30 days of a primary election.

I am confident this proposal will pass constitutional muster because the Supreme Court upheld similar restrictions on tax-exempt organizations in Regan v. Taxation with Representation of Washington. In finding against a First Amendment challenge to a prohibition against substantial lobbying by a 501(c)(3), the court said that ''tax exemptions and tax deductibility are a form of subsidy that is administered through the tax system'' and that by restricting a tax-exempt's lobbying activities ''Congress has merely refused to pay for the lobbying out of public monies.''

My bill also would also make clear that Section 527 organizations must comply with federal campaign laws. Internal Revenue Code Section 527 offers tax benefits to ''political organizations,'' a term it defines to include organizations seeking to influence Federal, State or local elections. A number of 501(c)(4) groups active in federal election campaigns apparently have switched their tax status to Section 527, which offers tax benefits with fewer restrictions on political activity. At the same time, these groups claim they are not subject to FECA because they don't engage in express advocacy

of particular candidates, even though FECA defines the groups it covers in essentially the same terms as Section 527. My bill would make it clear that the taxpayers should not be subsidizing undisclosed and unregulated political activities by groups who claim they are trying to influence Federal elections for the purpose of the tax code—and thus are entitled to tax-exemption—but not for the purpose of FECA—and thus are immune from regulation. My bill makes clear that they cannot have it both ways and that Section 527's tax benefits are available only to groups regulated under FECA, unless a group seeking Section 527 status is engaged exclusively in State or local political activity.

It is important to emphasize that this bill would not prevent any one or anything from engaging in any type of activity. Instead, it would just say that if a candidate or an organization puts a hand out and asks for a public subsidy—whether it be public financing for a presidential candidate or tax-exemption for an organization—they have to be willing to comply with the rules for taking that public subsidy. After all, no person or entity has a right to public money or to be free of taxes; it is entirely up to Congress to determine what type of activities are so important to society that we should use public money or tax-exemption as ways of encouraging them. In offering tax-exemption to the 501(c)(3) and (c)(4) organizations covered by this bill, Congress already plainly chose to limit their involvement in partisan campaign activity. This bill would merely build on the experience of the 1996 elections to clarify the scope of those limitations.

There are always some who find new and clever ways to manipulate the legal system. Their efforts peaked in our politics in the 1996 cycle with an unparalleled flouting of the laws' requirements and prohibitions. Based on the excuses the Committee heard last year to justify this behavior, I have no doubt the trend will continue—unless we find the will to radically restructure our campaign finance laws.

I urge my colleagues to join me in supporting this legislation, and ask unanimous consent that the text of the bill and a section-by-section of it appear in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1666

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

SECTION 1. REQUIREMENTS FOR PRESIDENTIAL CANDIDATES ACCEPTING PUBLIC FUNDING.

(a) RESTRICTIONS ON FUNDRAISING BY CANDIDATES.—

(1) DEFINITION OF FUNDRAISING.—Section 9002 of the Internal Revenue Code of 1986 (relating to definitions in the Presidential Election Campaign Fund Act) is amended by adding at the end the following:

''(13) FUNDRAISING ACTIVITY.—

''(A) IN GENERAL.—The term 'fundraising activity' means—

''(i) an activity or event the purpose or effect of which is the direct or indirect solicitation, acceptance, or direction of a contribution (as defined in section 271(b)(2)) for—

''(I) any candidate for public office,

''(II) a political committee (including a national, State, or local committee of a political party),

''(III) an organization that—

''(aa) is described in section 501(c) and exempt from taxation under section 501(a) (or has submitted an application to the Secretary of the Treasury for determination of tax-exemption under such section), and

''(bb) engages in any election-related activity, including, but not limited to, voter registration, get-out-the-vote activity, publication or distribution of a voter guide, or making communications that are widely disseminated through a broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public political advertising and that clearly identify a candidate (as defined in section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431)) or a political party,

''(IV) a political organization (as defined in section 527), or

''(V) an organization that engages in any electioneering advertising (as defined in section 324 of the Federal Election Campaign Act of 1971), or

''(ii) the authorization of use of a candidate's name in connection with an activity or event described in clause (i).

''(B) EXCEPTION.—The term 'fundraising activity' does not include an activity or event the sole purpose or effect of which is to solicit or accept a contribution (as defined in section 301(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)) for the candidate participating in the activity or event that is specifically solicited for, and deposited in, the candidate's legal and accounting compliance fund or that is necessary to cover any deficiency in payments received from the Presidential Election Campaign Fund, to the extent otherwise permissible by law.''.

(2) GENERAL ELECTION.—Section 9003 of the Internal Revenue Code of 1986 (relating to condition for eligibility for payments) is amended—

(A) in subsection (b)—

(i) in paragraph (1), by striking ''and'' at the end;

(ii) in paragraph (2), by striking the period at the end and inserting '', and''; and

(iii) by inserting after paragraph (2) the following:

''(3) such candidate, a member of the candidate's immediate family (as defined in section 9004(e)), and the candidate's authorized committee or agents or officials of the committee shall not participate in any fundraising activity during the expenditure report period.''; and

(B) in subsection (c)—

(i) in paragraph (1), by striking ''and'' at the end;

(ii) in paragraph (2), by striking the period at the end and inserting '', and''; and

(iii) by inserting after paragraph (2) the following:

''(3) subject to paragraph (2), such candidate, a member of the candidate's immediate family (as defined in section 9004(e)), and the candidate's authorized committee or agents or officials of such committee shall not participate in a fundraising activity during the expenditure report period.''.

(3) PRIMARY ELECTION.—Subsection (b) of section 9033 of the Internal Revenue Code of 1986 (relating to eligibility for payments) is amended—

(A) in paragraph (3), by striking ''and'' at the end;

(B) in paragraph (4), by striking the period at the end and inserting '', and''; and

(C) by adding at the end the following:

''(5) the candidate, a member of the candidate's immediate family (as defined in section 9004(e)), and the candidate's authorized committee or agents or officials of such committee shall not participate in a fundraising activity during the matching payment period unless such activity has as its sole purpose and effect the solicitation or acceptance of contributions (as defined in section 301(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8))).''.

(b) RESTRICTION ON COORDINATED DISBURSEMENT.—

(1) DEFINITION OF COORDINATED DISBURSEMENT.—Section 9002 of the Internal Revenue Code of 1986 (as amended by subsection (a)) is amended by adding at the end the following:

''(14) COORDINATED DISBURSEMENT.—

''(A) IN GENERAL.—The term 'coordinated disbursement' means a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made in connection with any broadcasting, newspaper, magazine, billboard, direct mail, phone bank, widely distributed electronic mail, or similar type of general public communication or advertising by a person (who is not a candidate or a candidate's authorized committee) in cooperation, consultation, or concert with, or at the request or suggestion of, a candidate, a member of the candidate's immediate family (as defined in section 9004(e)), the candidate's authorized committees, or a committee of a political party.

''(B) SPECIAL RULE.—In the case of a candidate who designates a committee of a political party as the candidate's authorized committee, the term 'coordinated disbursement' shall include disbursements made by the committee in cooperation, consultation, or concert with, or at the request or suggestion of, a candidate or a member of the candidate's immediate family (as defined in section 9004(e)) in excess of an amount equal to the aggregate of the limit under section 315(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(d)) and the appropriate limit under section 315(b)(1) of such Act (2 U.S.C. 441a(b)(1)).

''(C) EXCEPTIONS.—The term 'coordinated disbursement' does not include—

''(i) a disbursement that is an expenditure subject to the limits under section 315(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(d)); or

''(ii) a disbursement for a bona fide newscast, news interview, news documentary (if the appearance of the candidate is incidental to the presentation of the subject or subjects covered by the news documentary), editorial, or on-the-spot coverage of bona fide news events.''.

(2) GENERAL ELECTION.—Subsection (a) of section 9003 of the Internal Revenue Code of 1986 (relating to condition for eligibility for payments) is amended—

(A) in paragraph (2), by striking ''and'' at the end;

(B) in paragraph (3), by striking the period at the end and inserting '', and''; and

(C) by adding at the end the following:

''(4) agree not to participate in a coordinated disbursement during the election report period.''.

(3) PRIMARY ELECTION.—Section 9033(b) (as amended by subsection (a)(3)) is amended—

(A) in paragraph (4), by striking ''and'' at the end;

(B) in paragraph (5), by striking the period at the end and inserting '', and''; and

(C) by adding at the end the following:

''(6) the candidate and the candidate's authorized committees shall not participate in a coordinated disbursement (as defined in

section 9002(14)) during the matching payment period except to the extent that the disbursement is a contribution subject to the contribution limits of section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a).''.

SEC. 2. REQUIREMENTS FOR POLITICAL PARTIES ACCEPTING PUBLIC FINANCING FOR PRESIDENTIAL NOMINATING CONVENTIONS.

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

''SEC. 324. REQUIREMENTS FOR POLITICAL PARTIES ACCEPTING PUBLIC FINANCING FOR PRESIDENTIAL NOMINATING CONVENTIONS.

''(a) DEFINITIONS.—In this section—

''(1) COMMITTEE.—The term 'committee' shall include a national, State, district, or local committee of a political party, an entity that is directly or indirectly established, financed, maintained, or controlled by any such party committee or its agent, an agent acting on behalf of any such party committee, and an officer or agent acting on behalf of any such party committee or entity.

''(2) ELECTIONEERING ADVERTISING.—

''(A) IN GENERAL.—The term 'electioneering advertising' means a communication—

''(i) containing a phrase such as 'vote for', 're-elect', 'support', 'cast your ballot for', '(name of individual) for President', '(name of individual) in (calendar year)', 'vote against', 'defeat', 'reject', or a campaign slogan or words that in context can have no reasonable meaning other than to recommend the election or defeat of 1 or more clearly identified candidates such as '(name of candidate)'s the One' or '(name of candidate'); or

''(ii) referring to 1 or more clearly identified candidates in a communication that is widely disseminated to the electorate for the election in which the identified candidates are seeking office through a broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public communication.

''(B) VOTING RECORD AND VOTING GUIDE EXCEPTION.—The term 'electioneering advertising' does not include a printed communication that—

''(i) presents information in an educational manner solely about the voting record or position on a campaign issue of 2 or more individuals;

''(ii) is not made in coordination with an individual, political party, or agent of the individual or party;

''(iii) in the case of a voter guide based on a questionnaire, provides each individual seeking a particular seat or office an equal opportunity to respond to the questionnaire and have the individual's responses incorporated into the voter guide;

''(iv) does not present an individual with greater prominence than any other individual; and

''(v) does not contain a phrase such as 'vote for', 're-elect', 'support', 'cast your ballot for', '(name of individual) for President', '(name of individual) in 1997', 'vote against', 'defeat', or 'reject', or a campaign slogan or words that in context can have no reasonable meaning other than to urge the election or defeat of 1 or more clearly identified individuals.

''(3) ELIGIBLE POLITICAL COMMITTEE.—The term 'eligible political committee' means a national committee of a political party entitled to receive payments under section 9008 of the Internal Revenue Code of 1986 for a presidential nominating convention.''.

''(b) LIMITS ON ELECTIONEERING ADVERTISING.—During the matching payment period (as defined in section 9032(6) of the Internal Revenue Code of 1986) and the expenditure report period (as defined in section 9002(12) of such Code), an eligible political committee shall not—

''(1) make disbursements for electioneering advertising in connection with an individual seeking nomination for election, or election, to the office of President or Vice President except from funds that are subject to the limitations, prohibitions, and reporting requirements of this Act; or

''(2) transfer of funds that are not subject to the limitations, prohibitions, and reporting requirements of this Act to a State, district, or local committee of a political party that will be used to make disbursements for electioneering advertising in connection with an individual seeking nomination for election, or election, to the office of President or Vice President.

''(c) LIMITATION OF COORDINATED AND INDEPENDENT EXPENDITURES.—In the case of an eligible political committee, the limitation under section 315(d)(2) (relating to coordinated expenditures by committees of a political party) shall apply to the aggregate of expenditures, disbursements for electioneering advertising, and independent expenditures made by the national committee in connection with a candidate for President of the United States.

''(d) PROHIBITION OF COORDINATED DISBURSEMENTS.—During the matching payment period (as defined in section 9032(6) of the Internal Revenue Code of 1986) and the expenditure report period (as defined in section 9002(12) of such Code), an eligible political committee shall not participate in a coordinated disbursement (as defined in section 9002(14) of the Internal Revenue Code of 1986) with respect to an individual seeking nomination for election, or election, to the office of President or Vice President.

''(e) PROHIBITION OF CERTAIN DONATIONS.—An eligible political committee and any officer or agent acting on behalf of such committee shall not solicit any funds for, or make or direct any donation to, an organization that—

''(1) is described in section 501(c) and exempt from taxation under section 501(a) (or has submitted an application to the Secretary of the Treasury for determination of tax-exemption under such section), and

''(2) engages in any election-related activity, including, but not limited to, voter registration, get-out-the-vote activity, publication or distribution of a voter guide, or making communications that are widely disseminated through a broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public political advertising that clearly identify a candidate (as defined in section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431)) or a political party.

''(f) PROHIBITION OF SOFT MONEY.—

''(1) NATIONAL COMMITTEES.—

''(A) IN GENERAL.—An eligible political committee (including a national congressional campaign committee of a political party) and any officers or agents of such committees, shall not solicit, receive, or direct to another person a contribution, donation, or transfer of funds, or spend any funds, that are not subject to the limitations, prohibitions, and reporting requirements of this Act.

''(B) APPLICABILITY.—This subsection shall apply to an entity that is directly or indirectly established, financed, maintained, or controlled by an eligible committee (including a national congressional campaign committee of a political party), or an entity acting on behalf of a national committee, and an officer or agent acting on behalf of any such committee or entity.

''(2) STATE, DISTRICT, AND LOCAL COMMITTEES.—

''(A) IN GENERAL.—An amount that is expended or disbursed by a State, district, or local committee of a political party that has an eligible political committee (including an entity that is directly or indirectly established, financed, maintained, or controlled by a State, district, or local committee of a political party and an officer or agent acting on behalf of such committee or entity) for Federal election activity shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

''(B) FEDERAL ELECTION ACTIVITY.—

''(i) IN GENERAL.—The term 'Federal election activity' means—

''(I) voter registration activity during the period that begins on the date that is 120 days before the date a regularly scheduled Federal election is held and ends on the date of the election;

''(II) voter identification, get-out-the-vote activity, or generic campaign activity conducted in connection with an election in which a candidate for Federal office appears on the ballot (regardless of whether a candidate for State or local office also appears on the ballot); and

''(III) a communication that refers to a clearly identified candidate for Federal office (regardless of whether a candidate for State or local office is also mentioned or identified) and is made for the purpose of influencing a Federal election (regardless of whether the communication is express advocacy).

''(ii) EXCLUDED ACTIVITY.—The term 'Federal election activity' does not include an amount expended or disbursed by a State, district, or local committee of a political party for—

''(I) campaign activity conducted solely on behalf of a clearly identified candidate for State or local office if the campaign activity is not a Federal election activity described in clause (i);

''(II) a contribution to a candidate for State or local office if the contribution is not designated or used to pay for a Federal election activity described in clause (i);

''(III) the costs of a State, district, or local political convention;

''(IV) the costs of grassroots campaign materials, including buttons, bumper stickers, and yard signs, that name or depict only a candidate for State or local office;

''(V) the non-Federal share of a State, district, or local party committee's administrative and overhead expenses (but not including the compensation in any month of an individual who spends more than 20 percent of the individual's time on Federal election activity) as determined by a regulation promulgated by the Commission to determine the non-Federal share of a State, district, or local party committee's administrative and overhead expenses; and

''(VI) the cost of constructing or purchasing an office facility or equipment for a State, district, or local committee.

''(3) FUNDRAISING COSTS.—An amount spent by a national, State, district, or local committee of a political party (that has an eligible political committee) to raise funds that are used, in whole or in part, to pay the costs of a Federal election activity shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.''.

(b) INCREASED CONTRIBUTION LIMIT.—Section 315(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(1)) is amended—

(1) in subparagraph (B), by striking ''or'' at the end;

(2) in subparagraph (C)—

(A) by inserting ''(other than a committee described in subparagraph (D))'' after ''committee''; and

(B) by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(D) to a political committee established and maintained by a State committee of a political party that is entitled to receive payments under section 9008 of the Internal Revenue Code of 1986 for a Presidential nominating convention in any calendar year that, in the aggregate, exceed $10,000.''.

(c) CONFORMING AMENDMENTS.—

(1) FEDERAL ELECTION CAMPAIGN ACT OF 1971.—Section 315(d)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(d)(2)) is amended by striking ''The national committee'' and inserting ''Subject to section 324(b), the national committee''.

(2) INTERNAL REVENUE CODE OF 1986.—Subsection (b) of section 9008 of the Internal Revenue Code of 1986 (relating to payments for presidential nominating conventions) is amended—

(A) in paragraph (1), by inserting ''and section 324 of the Federal Election Campaign Act of 1971'' after ''section''; and

(B) in paragraph (2), by inserting ''and section 324 of the Federal Election Campaign Act of 1971'' after ''section''.

SEC. 3. REQUIRED DISCLAIMER FOR PRESIDENTIAL CANDIDATES.

Section 318 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441d) is amended by adding at the end the following:

''(c) REQUIRED DISCLAIMER FOR PRESIDENTIAL CANDIDATES.—In the case of an expenditure by a candidate for President or Vice President eligible under section 9003 of the Internal Revenue Code of 1986 or under section 9033 of the Internal Revenue Code of 1986 to receive payments from the Secretary of the Treasury for an advertisement that is broadcast by a radio broadcast station or a television broadcast station or communicated by direct mail, such advertisement shall contain the following statement: 'Federal law establishes voluntary spending limits for candidates for President. This candidate ___ agreed to abide by the limits.' (with the blank filled in with 'has' or 'has not' as appropriate).''.

SEC. 4. LIMITATIONS ON POLITICAL ACTIVITY BY TAX-EXEMPT ORGANIZATIONS.

Subsection (c) of section 501 of the Internal Revenue Code of 1986 (relating to exemption from tax on corporations, certain trusts, etc.) is amended—

(1) by redesignating subsection (o) as subsection (p); and

(2) by inserting after subsection (n) the following new subsection:

''(o) SPECIAL RULES FOR ORGANIZATIONS EXEMPT UNDER PARAGRAPH (3) OR (4) OF SUBSECTION (c).—An organization described in paragraph (3) or (4) of subsection (c) shall be denied exemption from taxation under subsection (a) if such organization—

''(1) solicits or accepts a contribution (as defined in section 271(b)(2)) from a committee of a political party or an authorized committee of a candidate (as defined in section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431)),

''(2) makes or directs a contribution to a committee of a political party or an authorized committee of a candidate,

''(3) makes a disbursement for electioneering advertising (as defined in section 324 of the Federal Election Campaign Act of 1971), except to the extent that—

''(A) the disbursement constitutes an independent expenditure (as defined in section 301(17) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(17)), or

''(B) the advertising is—

''(i) described in section 324(a)(2)(A)(ii) of the Federal Election Campaign Act of 1971,

''(ii) otherwise permitted by law, and

''(iii) made more than—

''(I) 60 days before the date of a general, special, or runoff election in which the identified candidates are seeking office, or

''(II) 30 days before the date of a primary or preference election or a convention or caucus of a political party that has authority to nominate a candidate for the office for which the identified candidates are seeking election, or

''(4) participates in a coordinated disbursement (as defined in section 9002(14)).''.

SEC. 5. DEFINITIONS OF POLITICAL COMMITTEE AND POLITICAL ORGANIZATION.

(a) DEFINITION OF POLITICAL COMMITTEE.—Section 301(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(4)) is amended—

(1) in subparagraph (B), by striking ''or'' at the end;

(2) in subparagraph (C), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(D) a political organization (as defined in section 527(e)(1) of the Internal Revenue Code of 1986 and subject to section 527 of such Code) unless the activities of the organization are for the exclusive purpose of influencing or attempting to influence the selection, nomination, election, or appointment of any individual or individuals to any State or local public office or office in a State or local political organization.''.

(b) DEFINITION OF POLITICAL ORGANIZATION.—Paragraph (e)(1) of section 527 of the Internal Revenue Code of 1986 (relating to political organizations) is amended by striking ''incorporated) organized and operated'' and all that follows through the period and inserting ''incorporated)—

''(A) organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures, or both, for an exempt function, and

''(B) that is a political committee described in section 301(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(4)) except to the extent that the activities of the organization are for the exclusive purpose of influencing or attempting to influence the selection, nomination, election, or appointment of any individual or individuals to any State or local public office or office in a State or local political organization.''.

SEC. 6. SEVERABILITY.

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

SEC. 7. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act take effect on the date that is 30 days after the date of enactment of this Act.

SEC. 8. REGULATIONS.

The Federal Election Commission and the Commissioner of the Internal Revenue Code of 1986 shall—

(1) promulgate regulations as necessary to enforce this Act; and

(2) in the promulgation of regulations under paragraph (1), provide an exception to any provision that the Commission or Commissioner determines necessary to serve the public interest.

SECTION-BY-SECTION OF LIEBERMAN CAMPAIGN FINANCE REFORM BILL

The Lieberman campaign finance reform proposal responds to two significant problems highlighted during the Governmental Affairs Committee's recently concluded campaign finance investigation. First, it would amend the presidential public financing laws to ensure that taxpayers—who spent $236 million on the 1996 elections in an effort to limit spending on the presidential campaign and keep candidates for the presidency above the fundraising fray—get what they pay for. Second, it offers amendments to the tax code, with the goal of limiting the ability of tax-exempt organizations to circumvent existing restrictions on their involvement in partisan politics. The following provides a section-by-section explanation of the bill's provisions.

SECTION 1: REQUIREMENTS FOR PRESIDENTIAL CANDIDATES ACCEPTING PUBLIC FINANCING

Section 1 imposes two new requirements on candidates seeking public financing for their presidential primary or general election campaigns: (a) they must limit their fundraising; and (b) they must agree not to try to evade spending limits on their own campaigns by using the parties or outside groups to make expenditures for them.

(a) Fundraising Restrictions: Subsection 1(a) imposes fundraising restrictions on candidates accepting public financing:

(1) Definition of ''Fundraising Activity'': Subsection 1(a)(1) defines the term ''fundraising activity'' to include efforts to raise money for: (a) candidates, (b) political committees (like the DNC or RNC), (c) tax-exempt organizations that engage in any election-related activity, which is defined to include voter registration, get-out-the-vote activities, the publication or distribution of voter guides, or the making of widely disseminated communications that mention candidates or political parties, (d) political organizations as defined by Section 527 of the tax code, or (e) any organization that engages in ''electioneering advertising,'' a term the bill defines in Section 2 below. ''Fundraising activity'' in this section also includes the candidate's authorization to use his name in connection with any of the activities just described. Because the election laws explicitly allow presidential candidates to seek private contributions to defray their legal and accounting costs or if the public financing fund does not have enough money in it to give candidates their full allotment of public funds, the subsection excludes raising contributions for those purposes from its definition of ''fundraising activity.''

(2) Restrictions on Fundraising During the General Election: Subsection 1(a)(2) provides that a publicly-funded general election candidate for the presidency, members of his immediate family, the candidate's authorized committee, and agents and officials of that committee may not engage in any fundraising activity from the date of the candidate's nomination until the general election.

(3) Restrictions on Fundraising During the Primary Campaign: Subsection 1(a)(3) provides that from January 1 of an election year until the date of the convention of the party whose nomination the candidate seeks, a primary election candidate receiving federal matching funds must limit his fundraising activities to the solicitation or acceptance of hard money (money regulated and limited by the Federal Election Campaign Act). This restriction also applies to members of the candidate's immediate family, the candidate's authorized committee, and agents and officials of that committee.

(b) Restrictions on Spending Through the Parties and Outside Groups: Subsection 1(b) seeks to prevent candidates for the presidency from circumventing limits on their own campaigns by working with parties or outside groups to spend party money to advance their candidacies.

(1) Definition of Coordinated Disbursement: Subsection 1(b)(1) defines the term ''coordinated disbursement'' as spending by a person or entity other than a candidate or his authorized committee for broadcast, print, direct mail or other similar type of public communication if the spending person or entity consults or coordinates with a candidate or party about the disbursement. ''Coordinated disbursements'' encompass any type of communication or advertising, and are not limited to those including words of express advocacy. The term does not encompass, however, any spending a political party makes under Section 441a(d), which explicitly allows parties to coordinate a set amount of spending with their candidates, or disbursements for bona fide newscasts, editorials, and the like. In addition, in the case of a presidential candidate who designates a political party as his authorized campaign committee, the term encompasses only coordinated spending by the political party that exceeds the combined limit allowed under the public financing laws and Section 441a(d).

(2) Prohibition on Participating in Coordinated Disbursements During General Election: Subsection 1(b)(2) prohibits publicly-funded general election candidates from participating in any coordinated disbursements.

(3) Prohibition on Participating in Coordinated Disbursements During Primary Election: Subsection 1(b)(3) prohibits primary candidates receiving federal matching funds from participating in coordinated disbursements unless the coordinated disbursement is a contribution subject to the election law's contribution limits.

SECTION 2: REQUIREMENTS FOR POLITICAL PARTIES ACCEPTING PUBLIC FINANCING FOR PRESIDENTIAL NOMINATING CONVENTIONS

Section 2 imposes five new requirements on political parties accepting public financing for their presidential nominating conventions: (a) they must agree to use only hard money to fund advertisements using a presidential candidate's name or likeness in a presidential election year; (b) they must agree to limit their express advocacy expenditures—whether they are made in coordination with their presidential candidate or independently of them—to the amount set in Section 441a(d); (c) they must agree not to participate in coordinated disbursements with respect to their presidential candidates; (d) they must agree not to solicit any funds for or make any donations to tax-exempt groups; and (e) they must agree to a ban on soft money:

(a) Definition of Electioneering Advertising: Section 2 defines ''electioneering advertising'' to include a communication that either uses words like ''vote for'' or ''vote against'' the candidate, or that refers to one or more clearly identified candidates in a communication that is widely disseminated through a broadcast station, newspaper, magazine, direct mail or any other type of general public communication. The provision explicitly excludes printed voter guides from the term ''electioneering advertising,'' as long as the voter guide presents information in an educational manner about two or more candidates' positions on issues, is not coordinated with candidates or political parties, provides equal prominence to all candidates covered by the guide, and does not contain phrases like ''vote for'' or ''vote against'' any candidate.

(b) Restrictions on Electioneering Advertising by Parties: Section 2 provides that throughout the presidential election year, parties accepting public convention financing must use only hard money to pay for electioneering advertising featuring presidential candidates. In addition, it prohibits them from avoiding this restriction by transferring funds to State parties for the purpose of running such ads.

(c) Limits on Coordinated and Independent Expenditures: Section 441a(d) provides that political parties can spend a set amount of money in coordination with their presidential candidates to further those candidates' chances for election. Under Colorado Republican Federal Campaign Committee v. Federal Election Commission, parties also have the right to make unlimited ''independent expenditures''—that is, expenditures that expressly advocate a candidate but are not made in consultation with the candidate. Section 2 of the Lieberman bill would require parties accepting convention financing to agree to limit all categories of their expenditures for their presidential candidates—whether they be coordinated expenditures, independent expenditures or expenditures for electioneering advertising—to the amount set in Section 441a(d).

(d) Prohibition on Coordinated Disbursements: Section 2 provides that parties accepting public convention financing may not participate in coordinated disbursements involving presidential candidates during a presidential election year. Note that because the definition of ''coordinated disbursement'' excludes Section 441a(d) expenditures, parties still may spend a specified amount in coordination with their presidential candidates.

(e) Prohibition on Donations to Tax-Exempt Organizations: Section 2 provides that parties accepting convention financing may not solicit any funds for, or direct any donations to, IRS Code Section 501(c) organizations that engage in any election-related activity, which is defined to include voter registration, get-out-the-vote activities, the publication or distribution of voter guides, or the making of widely disseminated communications that mention candidates or political parties.

(f) Prohibition on Soft Money: Section 2 requires parties accepting convention financing to agree to a ban on soft money. The language for the ban is taken from S. 25, the McCain-Feingold bill.

SECTION 3: REQUIRED DISCLAIMER FOR PRESIDENTIAL CANDIDATES

Section 3 requires candidates for the presidency to add the following statement to any broadcast or direct mail advertisement: ''Federal law establishes voluntary spending limits for candidates for President. This candidate ___ agreed to abide by the limits.'' The blank line is to be filled in with either ''has'' or ''has not,'' as appropriate.

SECTION 4: LIMITATIONS ON POLITICAL ACTIVITY BY TAX-EXEMPT ORGANIZATIONS

Section 4 makes more explicit the precise limits on the political activities of organizations with tax-exempt status under Section 501(c)(3) or (c)(4) of the tax code. It provides that such organizations shall lose their exemption if they:

(a) solicit or accept a contribution from a political party or a candidate;

(b) make or direct a contribution to a political party or a candidate;

(c) make a disbursement for electioneering advertising (defined in Section 2, above) if the advertising is made 60 days or less before a general election or 30 days or less before a primary election, unless the disbursement constitutes an independent expenditure that is otherwise permitted by law; or

(d) participate in a coordinated disbursement (defined in Section 1(b)(1), above).

SECTION 5: ENSURING THAT SECTION 527 ORGANIZATIONS COMPLY WITH THE FEDERAL ELECTION LAWS

A number of 501(c)(4) organizations active in federal election-related activity apparently have started switching their status to Section 527, a different provision of the tax code that offers tax benefits with fewer restrictions on political activity. At the same time, these organizations claim that they are not subject to FECA because they are not engaging in express advocacy. Section 5 amends the definitions of the term ''political organization'' in Section 527 and ''political committee'' in FECA to make clear that the tax benefits of Section 527 are available only to organizations whose activities are regulated under FECA, unless the organization focuses exclusively on State or local political activity.

SECTION 6: SEVERABILITY

Section 6 provides that a declaration that any provision of the legislation is unconstitutional shall not affect the rest of the legislation.

SECTION 7: EFFECTIVE DATE

Section 7 provides that the legislation takes effect 30 days after enactment.

SECTION 8: AUTHORITY TO PROMULGATE REGULATIONS

Section 8 provides the FEC and the IRS with authority to (a) promulgate regulations as necessary to enforce the legislation and (b) provide exceptions to any of the legislation's provisions if necessary to serve the public interest.

By Mr. GRASSLEY:

S. 1667. A bill to amend section 2164 of title 10, United States Code, to clarify the eligibility of dependents of United States Service employees to enroll in Department of Defense dependents schools in Puerto Rico; to the Committee on Armed Services.

DEPARTMENT OF DEFENSE SCHOOLS LEGISLATION

Mr. GRASSLEY. Mr. President. I would like to draw attention to a problem in our drug control program. It concerns something that the Department of Defense (DoD) is not doing. And frankly it's embrassing. Today, the men and women of federal law enforcement constantly put their lives at risk in an effort to fight the increasing flow of illicit drugs into our country. Not only do we face the threat of an increase of drugs in our children's schools and on our streets, but our law enforcement officers continue to face a rising tide of violence at our borders and in our cities as a result of the drug trade. We continue to see the flow of narcotics across the Southern tier of the U.S. to include Puerto Rico. Law enforcement personnel, with their commitment to the mission to fight the war on drugs, work many long hours, sometimes late into the evening and are subject to changes in their schedules at a moment's notice. The families of these officers also feel the pressures of the job they perform. This brings me to the point I would like to make.

The front lines of the U.S. Customs Service do not involve just a problem of gun-toting drug thugs. Agents face more than long hours and risky situations. While they deal with all these things, they must shoulder the additional burden of coping with bureautic bumbledom. This added load is a result of DoD officiousness and unwillingness to cooperate. The language of instruction in Puerto Rico public schools is

Spanish and not English. Therefore, the only affordable English-language school option for U.S. Customs personnel is the DoD school. However, current legislation and DoD policy is creating a hardship for Customs employees and their families. This unnecessarily affects our counter-drug efforts by undermining morale.

It is understanding that the children of these law enforcement personnel have been attending DoD schools in Puerto Rico for more than 20 years. Throughout the years, changes in legislation and DoD policy have placed numerous restrictions on Customs and other Federal civilian agencies. Customs has recently augmented its workforce in Puerto Rico under its Operation Gateway initiative in light of the continuing and heightened threat of narcotics smuggling and money laundering in the Caribbean Basin. I supported this initiative.

This session I will also stress the need for better coordination of our interdiction strategy, particularly the need to develop a ''Southern Tier'' concept. This initiative will strive to focus resources in a more comprehensive way to protect our southern frontier. Puerto Rico is crucial to this strategy. Current legislation and DoD's policy requirements are, however, obstacles to the effective implementation of this aggressive enforcement initiative in terms of recruitment and retention of Customs employees because, as I stated earlier, there are no English speaking public schools in Puerto Rico.

In my view, it is unfair that Customs agents and Inspectors in Puerto Rico—the men and women who deal daily with difficult and dangerous situations—should find their attention distracted by something like this.

The U.S. Customs Service interdicts more drugs than any other Government Agency. Based on the size of the workforce of Customs in Puerto Rico, their critical law enforcement mission, the difficulty in recruiting, and the negative effect this policy is having on their employees and families (over 150 children of Customs employees are currently enrolled in the program), I would like to see a swift solution to these problems.

Recently, a Customs' Special Agent was killed in an accident while assisting the U.S. Secret Service on a Presidential detail. This highlights another problem. My legislation would also address a concern raised by this case. It happens that the children of this agent currently attend classes in the DoD school in Puerto Rico. It is my understanding that a letter from the Secretary of the Treasury was sent to the Secretary of Defense requesting that these children be able to continue to attend classes in the DoD school program for the remainder of their education. So far, DoD has dragged its feet and has not resolved the matter. What is unfortunate is that at the end of the year, these children will no longer be eligible to attend the DoD school.

My staff has communicated with DoD to resolve these problems. But DoD has not been very responsive. I personally wrote the Secretary of Defense to work out a solution. I got a response from a low-level bureaucrat who responded just like, well, a bureaucrat. The answer was, ''nothing can be done'', that the solution is to ''change the legislation''.

Mr. President, I plan to do just that. Today, I am introducing legislation that would clarify the eligibility of Customs Service employee dependents to enroll in the Department of Defense Schools in Puerto Rico. This bill is essential in order to address the current problems that I have described for these employees and their families. I look forward to working with my colleagues to ensure that our efforts to protect our country from illicit drugs is effective and adequately supported. I hope that my colleagues will look at this legislation and join me in sponsoring this bill. It is enough of a burden on the families of the dedicated men and women who labor to protect our borders without further weighing them down with senseless red tape.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1667

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

SECTION 1. CLARIFICATION OF ELIGIBILITY OF CUSTOMS SERVICE EMPLOYEE DEPENDENTS TO ENROLL IN DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS IN PUERTO RICO.

(a) CLARIFICATION.—Section 2164(c) of title 10, United States Code, is amended by adding at the end the following:

''(4)(A) A dependent of a United States Customs Service employee who resides in Puerto Rico but not on a military installation may enroll in an educational program provided by the Secretary pursuant to subsection (a) in Puerto Rico.

''(B) Notwithstanding the limitation on duration of enrollment set forth in paragraph (2), a dependent described in subparagraph (A) who is enrolled in an education program described in that subparagraph may be removed from the program only for good cause (as determined by the Secretary).

''(C) In the event of the death in the line of duty of an employee described in subparagraph (A), a dependent of the employee may remain enrolled in an educational program described in that subparagraph until—

''(i) the dependent completes the secondary education associated with such educational program; or

''(ii) the dependent is removed for good cause (as so determined).''.

(b) APPLICABILITY.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act and apply to academic years beginning on or after that date.

By Mr. SARBANES (for himself and Mr. WARNER):

S.J. Res. 41. A joint resolution approving the location of a Martin Luther King, Jr., Memorial in the Nation's Capital; to the Committee on Environment and Public Works.

LEGISLATION ON PLACEMENT OF THE MARTIN LUTHER KING, JR. MEMORIAL

Mr. SARBANES. Mr. President, the 104th Congress passed legislation, introduced by myself and my distinguished colleague Senator WARNER, to authorize the establishment of a monument to Dr. Martin Luther King, Jr. on federal land in the District of Columbia.

Today I rise, once again for myself and Senator WARNER, to introduce legislation that would give effect to the recommendation of the Department of Interior that this Memorial be situated in Area I of the Capital. Area I comprises, in the words of the Interior Department, ''the central Monumental Core of the District of Columbia and its environs,'' that is, the Mall and its surrounding areas. The Department has determined that a commemorative work belongs in Area I only if it is determined to be of preeminent historical and lasting significance to the Nation. It comes as no surprise that the King memorial has been found to meet these criteria, and I urge my colleagues to join me in approving the Department's recommendation. I ask unanimous consent that the text of a January 29, 1998 letter from Don Barry, Acting Assistant Interior Secretary for Fish and Wildlife and Parks, to Vice President GORE transmitting this recommendation be included in the RECORD.

Mr. President, it is particularly apt that Senator WARNER and I introduce this legislation in February, which has been designated Black History Month. To place the King Memorial alongside monuments to America's greatest leaders would acknowledge the nation's historic debt to Dr. King, to his philosophy of nonviolence, and to his dream of Americans living together in racial harmony. The National Capital Memorial Commission agrees. After holding a hearing on July 29, 1997, on the question of the location of the King Memorial, the Commission informed Assistant Secretary Barry that, in his words:

> Dr. King, the central figure of the Civil Rights movement, a man who strove to advance the cause of equality for all Americans, and a man who dedicated himself through nonviolent means to promote the principles of justice and equality, who paid the ultimate price for his beliefs, has had a profound effect on all Americans which will continue through history.

Situation of the King Memorial in Area I would also place Dr. King's legacy in historical context. Americans are already aware of the achievements of George Washington, Thomas Jefferson, Abraham Lincoln, Franklin Delano Roosevelt, the veterans of our foreign wars, and other Area I honorees in preserving the liberties, freedoms, and rights that Americans hold dear. Dr. King and his legacy hold a vital place along this continuum, and fully deserve the honor that the Secretary of the Interior seeks to accord them.

Mr. President, while we have come a long way since Dr. King's death toward

the goals of equality and racial harmony for which he lived, and gave, his life, we still have a long way to go. A King Memorial in Area I would serve as a signpost along the road toward these goals for those who were not alive when Dr. King lived, and as a reminder that the goals toward which he strove must be attained in order for America to remain strong and true to its governing principles.

In closing, let me pay tribute to Alpha Phi Alpha, the oldest African-American fraternity in the United States, to which Dr. King and many other prominent African-Americans, such as former Supreme Court Justice Thurgood Marshall, belonged. Under the King Memorial plan enacted into law last Congress, Alpha Phi Alpha will coordinate the funding and design of the King Memorial, which will be funded entirely through private donations, at no cost to the public. Alpha Phi Alpha's efforts in this area—and its support of this legislation—reflect its desire that Dr. King's legacy remain alive. I urge the Senate to carry its burden in this effort, and to pass the Interior Department's recommendations into law as soon as possible.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, DC, January 29, 1993.

Hon. ALBERT GORE, Jr.,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: Public Law 104–333, Section 508, 110 STAT. 4157, (1996), authorized the Alpha Phi Alpha Fraternity to establish a memorial to Martin Luther King, Jr., in the District of Columbia pursuant to the Commemorative Works Act, 40 U.S.C. §§ 1001–1010 (1994 & Supp. I 1995).

The Alpha Phi Alpha Fraternity has requested that the memorial be located in Area I, the area comprising the central Monumental Core of the District of Columbia and its environs, which is defined in section 1002(e) of the Commemorative Works Act by a referenced map. Section 1006(a) of that Act provides that the Secretary of the Interior, after consultation with the National Capital Memorial Commission, may recommend locating a commemorative work in Area I only if the Secretary determines that the subject of the memorial is of preeminent historical and lasting significance to the Nation. If a determination of preeminence and lasting significance is made, this section further provides that the Secretary shall notify the Congress and recommend that the memorial be located in Area I.

Following its public meeting on July 29, 1997, the National Capital Memorial Commission advised me that Dr. King, the central figure of the Civil Rights movement, a man who strove to advance the cause of equality for all Americans, and a man who dedicated himself through nonviolent means to promote the principles of justice and equality, who paid the ultimate price for his beliefs, has had a profound effect on all Americans which will continue through history.

I have considered the advice and find the subject to be of preeminent historical and lasting significance to the Nation. The Alpha Phi Alpha Fraternity should be granted the authority to consider locations within Area I as potential sites for the memorial to Martin Luther King, Jr.

In accordance with section 1006(a) of the Act, notice is hereby given that I have, through my designee, consulted with the National Capital Memorial Commission, and recommend that the memorial be authorized a location within Area I. Under section 1006(a) of that Act, my recommendation to locate the memorial in Area I shall be deemed disapproved unless, not later than 150 days after this notification, the recommendation is approved by law.

No sites have been considered in advance of this recommendation. Enclosed is a draft of a joint resolution to authorize location of this memorial in Area I. We recommend that it be referred to the appropriate Committee for consideration.

The Office of Management and Budget has advised that there is no objection to the enactment of the enclosed draft joint resolution from the standpoint of the Administration's program.

Sincerely,

DON BARRY,
Acting Assistant Secretary for
Fish and Wildlife and Parks.

ADDITIONAL COSPONSORS

S. 194

At the request of Mr. CHAFEE, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 194, a bill to amend the Internal Revenue Code of 1986 to make permanent the section 170(e)(5) rules pertaining to gifts of publicly-traded stock to certain private foundations and for other purposes.

S. 356

At the request of Mr. GRAHAM, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 356, a bill to amend the Internal Revenue Code of 1986, the Public Health Service Act, the Employee Retirement Income Security Act of 1974, the title XVIII and XIX of the Social Security Act to assure access to emergency medical services under group health plans, health insurance coverage, and the medicare and medicaid programs.

S. 467

At the request of Mr. WELLSTONE, the name of the Senator from Illinois (Ms. MOSELEY-BRAUN) was added as a cosponsor of S. 467, a bill to prevent discrimination against victims of abuse in all lines of insurance.

S. 497

At the request of Mr. COVERDELL, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 497, a bill to amend the National Labor Relations Act and the Railway Labor Act to repeal the provisions of the Acts that require employees to pay union dues or fees as a condition of employment.

S. 531

At the request of Mr. ROTH, the name of the Senator from Illinois (Ms. MOSELEY-BRAUN) was added as a cosponsor of S. 531, a bill to designate a portion of the Arctic National Wildlife Refuge as wilderness.

S. 837

At the request of Mr. CAMPBELL, the name of the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 837, a bill to exempt qualified current and former law enforcement officers from State laws prohibiting the carrying of concealed firearms and to allow States to enter into compacts to recognize other States' concealed weapons permits.

S. 990

At the request of Mr. FAIRCLOTH, the name of the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 990, a bill to amend the Public Health Service Act to establish the National Institute of Biomedical Imaging.

S. 1042

At the request of Mr. CRAIG, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 1042, a bill to require country of origin labeling of perishable agricultural commodities imported into the United States and to establish penalties for violations of the labeling requirements.

S. 1151

At the request of Mr. DODD, the names of the Senator from Hawaii (Mr. INOUYE) and the Senator from South Dakota (Mr. DASCHLE) were added as cosponsors of S. 1151, a bill to amend subpart 8 of part A of title IV of the Higher Education Act of 1965 to support the participation of low-income parents in postsecondary education through the provision of campus-based child care.

S. 1204

At the request of Mr. COVERDELL, the names of the Senator from Arkansas (Mr. HUTCHINSON) and the Senator from Kentucky (Mr. MCCONNELL) were added as cosponsors of S. 1204, a bill to simplify and expedite access to the Federal courts for injured parties whose rights and privileges, secured by the United States Constitution, have been deprived by final actions of Federal agencies, or other government officials or entities acting under color of State law; to prevent Federal courts from abstaining from exercising Federal jurisdiction in actions where no State law claim is alleged; to permit certification of unsettled State law questions that are essential to resolving Federal claims arising under the Constitution; and to clarify when government action is sufficiently final to ripen certain Federal claims arising under the Constitution.

S. 1283

At the request of Mr. BUMPERS, the names of the Senator from New Jersey (Mr. LAUTENBERG), the Senator from South Dakota (Mr. DASCHLE), the Senator from Washington (Mrs. MURRAY), the Senator from North Dakota (Mr. DORGAN), the Senator from Kentucky (Mr. FORD), the Senator from Hawaii (Mr. INOUYE), the Senator from Nebraska (Mr. KERREY), the Senator from Wisconsin (Mr. FEINGOLD), the Senator from Connecticut (Mr. LIEBERMAN), the Senator from Georgia (Mr. CLELAND), the Senator from California (Mrs. FEINSTEIN), the Senator from South Dakota