

## CAMPAIGN INTEGRITY ACT OF 1999

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AUGUST 5, 1999.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. THOMAS, from the Committee on House Administration,  
submitted the following

### REPORT

together with

### MINORITY VIEWS

[To accompany H.R. 1867]

[Including cost estimate of the Congressional Budget Office]

The Committee on House Administration, to whom was referred the bill (H.R. 1867) to amend the Federal Election Campaign Act of 1971 to reform the financing of campaigns for elections for Federal office, and for other purposes, having considered the same, report without recommendation.

### PURPOSE OF THE LEGISLATION

In order to provide the House with an opportunity for debate on a range of approaches to the campaign finance issue, the Committee is submitting without recommendation one of the more thoughtful measures which has garnered substantial support in the 105th and 106th Congresses.

H.R. 1867 emerged in the 105th Congress as the “bipartisan freshman bill” (H.R. 2183) and was offered as the base text for the substitute amendment process on the floor in 1998. Among its featured provisions are: a ban on national party soft money, a ban on interstate transfers of non-federal funds, indexing contribution limits prospectively every four years starting in 1999, eliminating the coordinated expenditure limits for political parties, disclosure of the identity and cost of sponsors of broadcast ads referring to candidates by name once spending exceeds \$25,000 a year for one or

\$100,000 for all federal candidates in election years, and mandatory electronic filing for committees that raise over \$50,000.

## SUMMARY OF THE LEGISLATION

### SECTION-BY-SECTION DESCRIPTION

#### TITLE I—SOFT MONEY AND CONTRIBUTIONS AND EXPENDITURES OF POLITICAL PARTIES

##### *Section 101. Banning soft money of national political parties and candidates*

(a) Prohibits national party committees from raising, soliciting, directing, transferring or spending funds which are not subject to the limitations, prohibitions, and reporting requirements of the Act (i.e., soft money).

(b) Prohibits federal candidates and officeholders from raising soft money in connection with a federal election, money from sources beyond federal limits and prohibitions in non-federal elections, or soft money in connection with, or for a communication that identifies a federal candidate. Exempts solicitations of funds for an individual's non-federal campaign or attendance at a state or local party fundraiser in a candidate's home state.

(c) Bans interstate transfers between state parties of funds not subject to the limitations, prohibitions, and reporting requirements of the Act.

##### *Section 102. Increasing aggregate annual limit on contributions by individuals to political parties*

(a) Raises aggregate annual limit to \$50,000, with a maximum of \$25,000 to parties and \$25,000 to candidates and PACs.

(b) Raises limit on individual donations to national parties to \$25,000 per year.

##### *Section 103. Repealing limitations on coordinated expenditures by political parties*

(a) Repeals party coordinated expenditure limits (in 2 U.S.C. § 441a(d)).

##### *Section 104. Increasing limit on contributions by multicandidate political committees to national political parties*

(a) Increases limit on multicandidate PAC contributions to national parties to \$20,000 per year.

#### TITLE II—INDEXING CONTRIBUTION LIMITS

##### *Section 201. Indexing contribution limits*

(a) Indexes all contribution limits in 2001, based on price index increases in 1999 and 2000, and in 2005 and every fourth subsequent year, based on price index increases in the previous four years.

(b) Requires increases to be rounded to the nearest multiple of \$100.

### TITLE III—EXPANDING DISCLOSURE OF CAMPAIGN FINANCE INFORMATION

#### *Section 301. Disclosing certain “issue advocacy” communications*

(a) Requires disclosure to the Clerk of the House or Secretary of the Senate concerning broadcast communications referring to House or Senate candidates—by name, representation, or likeness, once aggregate spending exceeds \$25,000 a year for one or \$100,000 for all federal candidates.

(b) Requires reports to include amount expended for such communications, together with the person’s address and phone number (or, if appropriate, the address and phone number of the person’s principal officer).

(c) Imposes a civil fine of not more than \$50,000 for knowing violations of this provision.

#### *Section 302. Requiring monthly filing of reports*

(a) Requires monthly report filing by candidate committees in all years and by other committees in election years.

#### *Section 303. Requiring electronic filing for certain reports*

(a) Requires electronic disclosure by all committees with financial activity of at least \$50,000.

(b) Requires FEC to make available at no cost a standardized package of software to enable electronic filing of reports.

#### *Section 304. Ending “best efforts” exceptions for information on contributor’s occupation*

(a) Ends “best efforts” exception for disclosure of occupation and employer, for itemized donations of over \$200.

### TITLE IV—EFFECTIVE DATE

#### *Section 401. Effective date*

(a) Makes these amendments to the Act effective as of all elections occurring after January 2001.

### COMMITTEE CONSIDERATION OF THE LEGISLATION

#### INTRODUCTION AND REFERRAL

On May 19, 1999, Mr. HUTCHINSON (for himself, Mr. HILL of Montana, Mr. HULSHOF, Mr. BRADY of Texas, Mr. MORAN of Kansas, Mr. PETRI, Mr. ENGLISH, Mr. BACHUS and Mr. COOK) introduced the following bill; which was referred to the Committee on House Administration.

#### HEARINGS

The Committee on House Administration held four days of a hearing on Campaign Reform over two months in 1999.

On June 17, 1999, the Committee held the first day of the hearing on Campaign Reform. Members present: Mr. Boehner, Mr. Ehlers, Mr. Mica, Mr. Ewing, Mr. Hoyer, and Mr. Davis. Witnesses: Mr. Gilchrest testified on H.R. 593 and H.R. 594. Mr. Calvert testified on H.R. 1880. Mr. Sabo testified on H.R. 1171.

On June 29, 1999, the Committee held the second day of the hearing on Campaign Reform. members present: Mr. Thomas, Mr. Boehner, Mr. Ney, Mr. Mica, Mr. Ewing, Mr. Hoyer, Mr. Fattah, and Mr. Davis. Witnesses: Mr. Shays testified on H.R. 417, Mr. Hutchinson testified on H.R. 1867, Mr. Regula testified on H.R. 1641, Ms. Mink testified on H.R. 399 and H.R. 400, Mr. Gillmor testified on H.R. 1778 (sharing time with Mr. Tanner), and Mr. Andrews testified on H.R. 331.

On July 13, 1999, the Committee held the third day of the hearing on Campaign Reform. Members present: Mr. Boehner, Mr. Ney, Mr. Ewing, Mr. Hoyer, and Mr. Davis. Witnesses: Mr. Dreier submitted written testimony on H.R. 32, Mr. Doolittle testified on H.R. 1922, Mr. Burton testified on H.R. 1747, Mr. Bereuter testified on H.R. 69, Mr. Pitts testified on H.R. 223, Mr. Goodling testified on H.R. 2467, Mr. Price testified on H.R. 227, Mr. Paul testified on H.R. 2026 and H.R. 2027, and Mr. Watkins testified on H.R. 696.

On July 22, 1999, the Committee held the fourth day of the hearing on Campaign Reform. Members present: Mr. Thomas, Mr. Boehner, Mr. Ehlers, Mr. Hoyer, Mr. Fattah, and Mr. Davis. Witnesses: Roger Pilon, Director, Center for Constitutional Studies, CATO Institute; Laura Murphy, Legislative Director, American Civil Liberties Union; Don Simon, Acting President, Common Cause; Jim Miller, Author of Monopoly Politics, Former Director OMB; Burt Neuborne, Director, Brennan Center for Law and Justice; James Bopp, James Madison Center for Free Speech; Bob Dahl, Fair Government Foundation; Paul Sullivan, Americans Back in Charge Foundation; David O'Steen, Executive Director, National Right to Life Committee; Cheryl Perrin, Executive Director, Campaign for America; Amy Kauffman, Research Fellow, Hudson Institute; and Kathleen Hall Jamieson, Dean, the Annenberg School of Communication.

#### MARKUP

On Monday August 2, 1999 the Committee met to mark up H.R. 2668, H.R. 417, H.R. 1867, and H.R. 1922. The Committee reported H.R. 1867 without recommendation by voice vote a quorum being present. No amendments were offered.

#### MATTERS REQUIRED UNDER THE RULES OF THE HOUSE

##### COMMITTEE RECORD VOTES

Clause 3(b) of House rule XIII requires the results of each record vote on an amendment or motion to report, together with the names of those voting for and against, to be printed in the committee report. No recorded votes were requested during consideration of H.R. 1867.

##### COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee states that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

## OVERSIGHT FINDINGS OF COMMITTEE ON GOVERNMENT REFORM

The Committee states, with respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, that the Committee on Government Reform and Oversight did not submit findings or recommendations based on investigations under clause 4(c)(2) of rule X of the Rules of the House of Representatives.

## CONSTITUTIONAL AUTHORITY

In compliance with clause 3(d)(1) of rule XIII, the Committee states that Article 1, Section 4 of the U.S. Constitution grants Congress the authority to make laws governing the time, place and manner of holding Federal elections.

## FEDERAL MANDATES

The Committee states, with respect to section 423 of the Congressional Budget Act of 1974, that the bill does not include any significant Federal mandate.

## PREEMPTION CLARIFICATION

Section 423 of the Congressional Budget Act of 1974 requires the report of any committee on a bill or joint resolution to include a committee statement on the extent to which the bill or joint resolution is intended to preempt state or local law. The Committee states that H.R. 1867 is not intended to preempt any state or local law.

## STATEMENT ON BUDGET AUTHORITY AND RELATED ITEMS

The bill does not provide new budget authority.

## COMMITTEE COST ESTIMATE

Clause 3(c)(2) of rule XIII requires each committee report that accompanies a measure providing new budget authority, new spending authority, or new credit authority or changing revenues or tax expenditures to contain a cost estimate, as required by section 308(a)(1) of the Congressional Budget Act of 1974, as amended and, when practicable with respect to estimates of new budget authority, a comparison of the total estimated funding level for the relevant program (or programs) to the appropriate levels under current law.

Clause 3(d)(2) of rule XIII requires committees to include their own cost estimates in certain committee reports, which include, when practicable, a comparison of the total estimated funding level for the relevant program (or programs) with the appropriate levels under current law.

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office, pursuant to section 403 of the Congressional Budget Act of 1974.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee sets forth, with respect to the bill, the following estimate and comparison prepared by the Di-

rector of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974:

AUGUST 4, 1999.

Hon. WILLIAM M. THOMAS,  
*Chairman, Committee on House Administration,*  
*House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1867, the Campaign Integrity Act of 1999.

If you wish further details in this estimate, we will be pleased to provide them. The CBO staff contact is John R. Righter.

Sincerely,

DAN L. CRIPPEN, *Director.*

Enclosure.

Effective for elections held after January 2001, H.R. 1867 would make numerous amendment to the Federal Election Campaign Act of 1971. It would ban the solicitation and use of "soft money" by national political parties and candidates, increase certain limits on contributions and expenditures, index limits on contributions, require additional filings by political committees, and require electronic filing for information for campaigns that spend or raise more than \$50,000. Subject to the availability of appropriated funds, CBO estimates that implementing H.R. 1867 would cost the Federal Election Commission less than \$500,000 a year.

Because H.R. 1867 could affect the collection of fines and penalties from violations of campaign finance laws, pay-as-you-go procedure would apply. CBO estimates that any change in the amount of penalties and fines, which are recorded as governmental receipts, would not be significant.

H.R. 1867 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The bill would create new private-sector mandates, as defined in UMRA, on candidates, political parties, state party organizations, and certain individuals and advocacy groups. CBO has not yet completed an estimate of the cost of those mandates, but will provide such an estimate at a later date.

The CBO staff contact is John R. Righter. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### **FEDERAL ELECTION CAMPAIGN ACT OF 1971**

\* \* \* \* \*

## ORGANIZATION OF POLITICAL COMMITTEES

SEC. 302. (a) \* \* \*

\* \* \* \* \*

[(i) When the treasurer] *(i)(1) Except as provided in paragraph (2), when the treasurer of a political committee shows that best efforts have been used to obtain, maintain, and submit the information required by this Act for the political committee, any report or any records of such committee shall be considered in compliance with this Act or chapter 95 or chapter 96 of the Internal Revenue Code of 1954.*

*(2) Paragraph (1) shall not apply with respect to information regarding the occupation or the name of the employer of any individual who makes a contribution or contributions aggregating more than \$200 during a calendar year (as required to be provided under subsection (c)(3)).*

\* \* \* \* \*

## REPORTS

SEC. 304. (a)(1) \* \* \*

\* \* \* \* \*

(2) If the political committee is the principal campaign committee of a candidate for the House of Representatives or for the Senate—

(A) in any calendar year during which there is regularly scheduled election for which such candidate is seeking election, or nomination for election, the treasurer shall file the following reports:

(i) \* \* \*

\* \* \* \* \*

[(iii) additional quarterly reports, which shall be filed no later than the 15th day after the last day of each calendar quarter, and which shall be complete as of the last day of each calendar quarter: except that the report for the quarter ending December 31 shall be filed no later than January 31 of the following calendar year; and]

*(iii) monthly reports, which shall be filed no later than the 20th day after the last day of the month and shall be complete as of the last day of the month, except that, in lieu of filing the reports otherwise due in November and December of the year, a pre-general election report shall be filed in accordance with clause (i), a post-general election report shall be filed in accordance with clause (ii), and a year end report shall be filed no later than January 31 of the following calendar year.*

\* \* \* \* \*

[(4) All political committees other than authorized committees of a candidate shall file either—

[(A)(i) quarterly reports, in a calendar year in which a regularly scheduled general election is held, which shall be filed no later than the 15th day after the last day of each calendar quarter: except that the report for the quarter ending on De-

ember 31 of such calendar year shall be filed no later than January 31 of the following calendar year.

[(ii) a pre-election report, which shall be filed no later than the 12th day before (or posted by registered or certified mail no later than the 15th day before) any election in which the committee makes a contribution to or expenditure on behalf of a candidate in such election, and which shall be complete as of the 20th day before the election;

[(iii) a post-general election report, which shall be filed no later than the 30th day after the general election and which shall be complete as of the 20th day after such general election; and

[(iv) in any other calendar year, a report covering the period beginning January 1 and ending June 30, which shall be filed no later than July 31 and a report covering the period beginning July 1 and ending December 31, which shall be filed no later than January 31 of the following calendar year; or

[(B) monthly reports in all calendar years which shall be filed no later than the 20th day after the last day of the month and shall be complete as of the last day of the month, except that, in lieu of filing the reports otherwise due in November and December of any year in which a regularly scheduled general election is held, a pre-general election report shall be filed in accordance with paragraph (2)(A)(i), a post-general election report shall be filed in accordance with paragraph (2)(A)(ii), and a year end report shall be filed no later than January 31 of the following calendar year.]

*(4)(A) In a calendar year in which a regularly scheduled general election is held, all political committees other than authorized committees of a candidate shall file—*

*(i) monthly reports, which shall be filed no later than the 20th day after the last day of the month and shall be complete as of the last day of the month, except that, in lieu of filing the reports otherwise due in November and December of the year, a pre-general election report shall be filed in accordance with clause (ii), a post-general election report shall be filed in accordance with clause (iii), and a year end report shall be filed no later than January 31 of the following calendar year;*

*(ii) a pre-election report, which shall be filed no later than the 12th day before (or posted by registered or certified mail no later than the 15th day before) any election in which the committee makes a contribution to or expenditure on behalf of a candidate in such election, and which shall be complete as of the 20th day before the election; and*

*(iii) a post-general election report, which shall be filed no later than the 30th day after the general election and which shall be complete as of the 20th day after such general election.*

*(B) In any other calendar year, all political committees other than authorized committees of a candidate shall file a report covering the period beginning January 1 and ending June 30, which shall be filed no later than July 31 and a report covering the period beginning July 1 and ending December 31, which shall be filed no later than January 31 of the following calendar year.*

\* \* \* \* \*



[(8) The requirement for a political committee to file a quarterly report under paragraph (2)(A)(iii) or paragraph (4)(A)(i) shall be waived if such committee is required to file a pre-election report under paragraph (2)(A)(i), or paragraph (4)(A)(ii) during the period beginning on the 5th day after the close of the calendar quarter and ending on the 15th day after the close of the calendar quarter.]

\* \* \* \* \*

(11)(A) The Commission shall permit reports required by this Act to be filed and preserved by means of computer disk or any other appropriate electronic format or method, as determined by the Commission, *except that the Commission shall require the reports to be filed and preserved by such means, format, or method, unless the aggregate amount of contributions or expenditures (as the case may be) reported by the committee in all reports filed with respect to the election involved (taking into account the period covered by the report) is less than \$50,000.*

\* \* \* \* \*

(C) *The Commission shall make available without charge a standardized package of software to enable persons filing reports by electronic means to meet the requirements of this paragraph.*

[(C)] (D) As used in this paragraph, the term “report” means, with respect to the Commission, a report, designation, or statement required by this Act to be filed with the Commission.

\* \* \* \* \*

#### ENFORCEMENT

SEC. 309. (a) \* \* \*

\* \* \* \* \*

(b) Before taking any action under subsection (a) against any person who has failed to file a report required under section 304(a)(2)(A)(iii) [for the calendar quarter] *for the month* immediately preceding the election involved, or in accordance with section 304(a)(2)(A)(i), the Commission shall notify the person of such failure to file the required reports. If a satisfactory response is not received within 4 business days after the date of notification, the Commission shall, pursuant to section 311(a)(7), publish before the election the name of the person and the report or reports such person has failed to file.

\* \* \* \* \*

#### LIMITATIONS ON CONTRIBUTIONS AND EXPENDITURES

SEC. 315. (a)(1) No person shall make contributions—

(A) \* \* \*

\* \* \* \* \*

(B) to the political committees established and maintained by a national political party, which are not the authorized political committees of any candidate, in any calendar year which, in the aggregate, exceed [ \$20,000 ] *\$25,000*; or

\* \* \* \* \*

(2) No multicandidate political committee shall make contributions—

(A) \* \* \*

\* \* \* \* \*

(B) to the political committees established and maintained by a national political party, which are not the authorized political committees of any candidate, in any calendar year, which, in the aggregate, exceed ~~[\$15,000]~~ \$20,000; or

\* \* \* \* \*

(3) No individual shall make contributions aggregating more than \$25,000 ~~[in any calendar year]~~ *to political committees of political parties, or contributions aggregating more than \$25,000 to any other persons, in any calendar year.* For purposes of this paragraph, any contribution made to a candidate in a year other than the calendar year in which the election is held with respect to which such contribution is made, is considered to be made during the calendar year in which such election is held.

\* \* \* \* \*

(c)(1) \* \* \*

\* \* \* \* \*

(3)(A) *The amount of each limitation established under subsection (a) shall be adjusted as follows:*

(i) *For calendar year 2001, each such amount shall be equal to the amount described in such subsection, increased (in a compounded manner) by the percentage increase in the price index (as defined in subsection (c)(2)) for each of the years 1999 through 2000.*

(ii) *For calendar year 2005 and each fourth subsequent year, each such amount shall be equal to the amount for the fourth previous year (as adjusted under this subparagraph), increased (in a compounded manner) by the percentage increase in the price index for each of the four previous years.*

(B) *In the case of any amount adjusted under this subparagraph which is not a multiple of \$100, the amount shall be rounded to the nearest multiple of \$100.*

\* \* \* \* \*

(d)~~[(1)]~~ Notwithstanding any other provision of law with respect to limitations on expenditures or limitations on contributions, the national committee of a political party and a State committee of a political party, including any subordinate committee of a State committee, may make expenditures in connection with the general election campaign of candidates for Federal office~~], subject to the limitations contained in paragraphs (2) and (3) of this subsection].~~

[(2) The national committee of a political party may not make any expenditure in connection with the general election campaign of any candidate for President of the United States who is affiliated with such party which exceeds an amount equal to 2 cents multiplied by the voting age population of the United States (as certified under subsection (e)). Any expenditure under this paragraph shall be in addition to any expenditure by a national committee of a po-

litical party serving as the principal campaign committee of a candidate for the office of President of the United States.

[(3) The national committee of a political party, or a State committee of a political party, including any subordinate committee of a State committee, may not make any expenditure in connection with the general election campaign of a candidate for Federal office in a State who is affiliated with such party which exceeds—

[(A) in the case of a candidate for election to the office of Senator, or of Representative from a State which is entitled to only one Representative, the greater of—

[(i) 2 cents multiplied by the voting age population of the State (as certified under subsection (e)); or

[(ii) \$20,000; and

[(B) in the case of a candidate for election to the office of Representative, Delegate, or Resident Commissioner in any other State, \$10,000.]

\* \* \* \* \*

#### BAN ON USE OF SOFT MONEY BY NATIONAL POLITICAL PARTIES AND CANDIDATES

SEC. 323. (a) *NATIONAL PARTIES.*—A national committee of a political party, including the national congressional campaign committees of a political party, and any officers or agents of such party committees, may not solicit, receive, or direct any contributions, donations, or transfers of funds, or spend any funds, which are not subject to the limitations, prohibitions, and reporting requirements of this Act. This subsection shall apply to any entity that is established, financed, maintained, or controlled (directly or indirectly) by, or acting on behalf of, a national committee of a political party, including the national congressional campaign committees of a political party, and any officers or agents of such party committees.

(b) *CANDIDATES.*—

(1) *IN GENERAL.*—No candidate for Federal office, individual holding Federal office, or any agent of such candidate or officeholder may solicit, receive, or direct—

(A) any funds in connection with any Federal election unless such funds are subject to the limitations, prohibitions and reporting requirements of this Act;

(B) any funds that are to be expended in connection with any election for other than a Federal office unless such funds are not in excess of the amounts permitted with respect to contributions to Federal candidates and political committees under section 315(a)(1) and (2), and are not from sources prohibited from making contributions by this Act with respect to elections for Federal office; or

(C) any funds on behalf of any person which are not subject to the limitations, prohibitions, and reporting requirements of this Act if such funds are for the purpose of financing any activity on behalf of a candidate for election for Federal office or any communication which refers to a clearly identified candidate for election for Federal office.

(2) *EXCEPTION FOR CERTAIN ACTIVITIES.*—Paragraph (1) shall not apply to—

(A) *the solicitation or receipt of funds by an individual who is a candidate for a non-Federal office if such activity is permitted under State law for such individual's non-Federal campaign committee; or*

(B) *the attendance by an individual who holds Federal office or is a candidate for election for Federal office at a fundraising event for a State or local committee of a political party of the State which the individual represents or seeks to represent as a Federal officeholder, if the event is held in such State.*

(c) *PROHIBITING TRANSFERS OF NON-FEDERAL FUNDS BETWEEN STATE PARTIES.—A State committee of a political party may not transfer any funds to a State committee of a political party of another State unless the funds are subject to the limitations, prohibitions, and reporting requirements of this Act.*

(d) *APPLICABILITY TO FUNDS FROM ALL SOURCES.—This section shall apply with respect to funds of any individual, corporation, labor organization, or other person.*

\* \* \* \* \*

#### VIEWS OF COMMITTEE MEMBERS

Clause 3(a) of rule XIII requires each committee to afford a two day opportunity for members of the committee to file supplemental, minority, or additional views and to include the views in its report. The Committee on House Administration Minority members have submitted dissenting views.

## MINORITY VIEWS

H.R. 1867 does seek to address the two key problems in our campaign finance system, the proliferation of unlimited soft money and undisclosed issue advocacy. However, it is not a comprehensive effort to address either. It fails to staunch the total flow of soft money because it only addresses soft money activities conducted by the national political committees. To be sure, addressing soft money raised by national political parties and Federal candidates is an essential first step to ridding politics of unlimited, unregulated contributions. However, H.R. 1867 would not regulate, any more rigorously than current law does, soft money activities that are conducted by State and local political parties which have an indirect but unmistakable impact on candidates running in federal elections.

H.R. 1867 would not stop a wealthy tobacco company from making a soft money contribution. Rather, it would simply redirect the contribution to the state party, possibly simultaneously attracting less public scrutiny. Under the H.R. 1867 soft money “ban” corporate and union contributions could still flood state and local parties in all 50 states. These contributions in turn could be spent on “generic” party state and local “grass roots” activities that boost a federal candidate’s prospects. Failure to address soft money on the state and local level, even if it is prohibited on the national level, will only preserve the loophole so many Americans deplore, encouraging wealthy individuals and corporations to divert huge contributions that now go to national non-federal accounts to state parties. As a consequence, it is unlikely that H.R. 1867 would shrink the total volume of unregulated soft money, or neutralize its impact on federal elections. The bill merely re-channels where special interests send these unlimited contributions.

The loopholes in H.R. 1867’s reforms are not limited to soft money. Unlike the Shays-Meehan proposal reported out of the Committee, H.R. 1867 does not seek to make special interests that use the issue advocacy loophole to run thinly disguised campaign ads play by the same rules that govern the candidates themselves. H.R. 1867 contains no requirement that hard dollars be used to pay for “sham” issue ads, and requires disclosure of the advertising only when it exceeds \$25,000.

Perhaps most troubling, though, H.R. 1867 purports to require disclosure of issue advertising, but in fact fails to provide to the voter the necessary information about who is paying for these confusing advertisements. While H.R. 1867 requires disclosure of the amount of money spent on a particular advertisement, unlike every other disclosure provision in the campaign finance system, it does not require disclosure of the source of funds used to pay for advertising. In her testimony before the Committee on July 22, 1999, Dean Kathleen Hall Jamison of the Annenberg School of Commu-

nication testified about the difficult that voters have in determining how much credibility to lend to a communication when they do not know the source of the communication. Without real disclosure of the sources of money funding sham issue ads, the ability of the voters to make informed decisions is severely undermined. For these reasons, we urge passage of H.R. 419 as a more comprehensive alternative to H.R. 1867.

STENY H. HOYER.

CHAKA FATTAH.

JIM DAVIS.

