

# Union Calendar No. 87

109TH CONGRESS  
1ST SESSION

# H. R. 1316

[Report No. 109-146]

To amend the Federal Election Campaign Act of 1971 to repeal the limit on the aggregate amount of campaign contributions that may be made by individuals during an election cycle, to repeal the limit on the amount of expenditures political parties may make on behalf of their candidates in general elections for Federal office, to allow State and local parties to make certain expenditures using nonfederal funds, to restore certain rights to exempt organizations under the Internal Revenue Code of 1986, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 15, 2005

Mr. PENCE (for himself and Mr. WYNN) introduced the following bill; which was referred to the Committee on House Administration

JUNE 22, 2005

Additional sponsors: Mr. PAUL, Mr. DOOLITTLE, Mr. SESSIONS, Mr. COLE of Oklahoma, Mr. MILLER of Florida, Mr. FLAKE, Mr. TANCREDO, Mr. GARRETT of New Jersey, Mr. SAM JOHNSON of Texas, Mr. HERGER, Mr. MANZULLO, Mr. AKIN, Mr. MCHENRY, Mr. CANNON, Mr. KING of Iowa, Mrs. CUBIN, Mr. CULBERSON, Mr. RADANOVICH, Mr. FEENEY, Mr. HENSARLING, Mr. POMBO, Mr. RYUN of Kansas, Mr. PRICE of Georgia, Mr. WESTMORELAND, Mr. KLINE, Mr. DANIEL E. LUNGREN of California, Mr. LEWIS of Kentucky, Mr. WELDON of Florida, Ms. ROSLEHTINEN, Mr. POE, Mr. WICKER, Mr. FRANKS of Arizona, Mr. MARCHANT, Mr. GOHMERT, Mr. CARTER, Mr. BURTON of Indiana, and Mr. WILSON of South Carolina

JUNE 22, 2005

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on March 15, 2005]

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## A BILL

To amend the Federal Election Campaign Act of 1971 to repeal the limit on the aggregate amount of campaign contributions that may be made by individuals during an election cycle, to repeal the limit on the amount of expenditures political parties may make on behalf of their candidates in general elections for Federal office, to allow State and local parties to make certain expenditures using nonfederal funds, to restore certain rights to exempt organizations under the Internal Revenue Code of 1986, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4        *This Act may be cited as the “527 Fairness Act of*  
 5 *2005”.*

6 **SEC. 2. REPEAL OF AGGREGATE LIMIT ON CONTRIBUTIONS**

7                                    **BY INDIVIDUALS.**

8        *(a) REPEAL OF LIMIT.—Section 315(a) of the Federal*  
 9 *Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is*  
 10 *amended by striking paragraph (3).*

11        *(b) CONFORMING AMENDMENTS.—*

12                                    *(1) INDEXING.—Section 315(c) of such Act (2*  
 13 *U.S.C. 441a(c)) is amended by striking “(a)(3),” each*

1 *place it appears in paragraphs (1)(B)(i), (1)(C), and*  
2 *(2)(B)(ii).*

3 *(2) INCREASE IN LIMITS FOR SENATE CAN-*  
4 *DIDATES FACING WEALTHY OPPONENTS.—Section*  
5 *315(i)(1)(C) of such Act (2 U.S.C. 441a(i)(1)(C)) is*  
6 *amended—*

7 *(A) by amending clause (i) to read as fol-*

8 *lows:*

9 *“(i) 2 times the threshold amount, but*  
10 *not over 4 times that amount, the increased*  
11 *limit shall be 3 times the applicable limit;”;*

12 *(B) by amending clause (ii) to read as fol-*

13 *lows:*

14 *“(ii) 4 times the threshold amount, but*  
15 *not over 10 times that amount, the in-*  
16 *creased limit shall be 6 times the applicable*  
17 *limit; and”;* and

18 *(C) in clause (iii)—*

19 *(i) by adding “and” at the end of sub-*  
20 *clause (I),*

21 *(ii) by striking subclause (II), and*

22 *(iii) by redesignating subclause (III)*  
23 *as subclause (II).*

24 *(3) INCREASE IN LIMITS FOR HOUSE CAN-*  
25 *DIDATES FACING WEALTHY OPPONENTS.—Section*

1       315A(a)(1) of such Act (2 U.S.C. 441a-1(a)(1)) is  
2       amended—

3               (A) by adding “and” at the end of subpara-  
4       graph (A);

5               (B) by striking subparagraph (B); and

6               (C) by redesignating subparagraph (C) as  
7       subparagraph (B).

8       **SEC. 3. REPEAL OF LIMIT ON AMOUNT OF PARTY EXPENDI-**  
9               **TURES ON BEHALF OF CANDIDATES IN GEN-**  
10              **ERAL ELECTIONS.**

11       (a) *REPEAL OF LIMIT.*—Section 315(d) of the Federal  
12       Election Campaign Act of 1971 (2 U.S.C. 441a(d)) is  
13       amended—

14              (1) in paragraph (1)—

15                      (A) by striking “(1) Notwithstanding” and  
16       inserting “Notwithstanding”,

17                      (B) by striking “expenditures or limitations  
18       on” and inserting “amounts of expenditures or”,  
19       and

20                      (C) by striking “Federal office, subject to  
21       the limitations contained in paragraphs (2), (3),  
22       and (4) of this subsection” and inserting “Fed-  
23       eral office in any amount”; and

24              (2) by striking paragraphs (2), (3), and (4).

25       (b) *CONFORMING AMENDMENTS.*—

1           (1) *INDEXING*.—Section 315(c) of such Act (2  
2       U.S.C. 441a(c)) is amended—

3           (A) in paragraph (1)(B)(i), by striking  
4       “(d),”; and

5           (B) in paragraph (2)(B)(i), by striking  
6       “subsections (b) and (d)” and inserting “sub-  
7       section (b)”.

8           (2) *INCREASE IN LIMITS FOR SENATE CAN-*  
9       *DIDATES FACING WEALTHY OPPONENTS*.—Section  
10      315(i) of such Act (2 U.S.C. 441a(i)(1)) is amend-  
11      ed—

12          (A) in paragraph (1)(C), as amended by  
13      section 2(b)(2)(C), by amending clause (iii) to  
14      read as follows:

15              “(iii) 10 times the threshold amount,  
16              the increased limit shall be 6 times the ap-  
17              plicable limit.”;

18          (B) in paragraph (2)(A) in the matter pre-  
19      ceding clause (i), by striking “, and a party  
20      committee shall not make any expenditure,”;

21          (C) in paragraph (2)(A)(ii), by striking  
22      “and party expenditures previously made”; and

23          (D) in paragraph (2)(B), by striking “and  
24      a party shall not make any expenditure”.

1           (3) *INCREASE IN LIMITS FOR HOUSE CANDIDATES FACING WEALTHY OPPONENTS.*—Section  
2           315A(a) of such Act (2 U.S.C. 441a—1(a)) is amended—  
3           ed—  
4

5                   (A) in paragraph (1), as amended by section  
6                   2(b)(3), by striking “exceeds \$350,000—”  
7                   and all that follows and inserting the following:  
8                   “exceeds \$350,000, the limit under subsection  
9                   (a)(1)(A) with respect to the candidate shall be  
10                   tripled.”;

11                   (B) in paragraph (3)(A) in the matter preceding  
12                   clause (i), by striking “, and a party  
13                   committee shall not make any expenditure,”;

14                   (C) in paragraph (3)(A)(ii), by striking  
15                   “and party expenditures previously made”; and

16                   (D) in paragraph (3)(B), by striking “and  
17                   a party shall not make any expenditure”.

18 **SEC. 4. INCREASE IN CONTRIBUTION LIMITS FOR POLITICAL COMMITTEES.**  
19

20           (a) *CONTRIBUTIONS TO POLITICAL COMMITTEES.*—  
21           Section 315(a)(1)(C) of the Federal Election Campaign Act  
22           of 1971 (2 U.S.C. 441a(a)(1)(C)) is amended by striking  
23           “\$5,000” and inserting “\$7,500”.

1           (b) *CONTRIBUTIONS MADE BY MULTICANDIDATE COM-*  
2 *MITTEES.—Section 315(a)(2) of such Act (2 U.S.C.*  
3 *441a(a)(2)) is amended—*

4           (1) *in subparagraph (A), by striking “\$5,000”*  
5 *and inserting “\$7,500”;*

6           (2) *in subparagraph (B), by striking “\$15,000”*  
7 *and inserting “\$25,000”; and*

8           (3) *in subparagraph (C), by striking “\$5,000”*  
9 *and inserting “\$7,500”.*

10 **SEC. 5. INDEXING OF ALL CONTRIBUTION LIMITS.**

11           (a) *IN GENERAL.—Section 315(c)(1)(B) of the Federal*  
12 *Election Campaign Act of 1971 (2 U.S.C. 441a(c)(1)(B))*  
13 *is amended to read as follows:*

14           “(B) *Except as provided in subparagraph (C)—*

15           “(i) *in any calendar year after 2002—*

16           “(I) *a limitation established by subsection*  
17 *(a)(1)(A), (a)(1)(B), (b), or (h) shall be increased*  
18 *by the percent difference under subparagraph*  
19 *(A),*

20           “(II) *each amount so increased shall remain*  
21 *in effect for the calendar year, and*

22           “(III) *if any amount after the adjustment*  
23 *made under subclause (I) is not a multiple of*  
24 *\$100, such amount shall be rounded to the near-*  
25 *est multiple of \$100; and*

1           “(ii) in any calendar year after 2006—

2                   “(I) a limitation established by subsection  
3           (a)(1)(C), (a)(1)(D), or (a)(2) shall be increased  
4           by the percent difference under subparagraph  
5           (A),

6                   “(II) each amount so increased shall remain  
7           in effect for the calendar year, and

8                   “(III) if any amount after the adjustment  
9           made under subclause (I) is not a multiple of  
10           \$100, such amount shall be rounded to the near-  
11           est multiple of \$100.”.

12           (b) *PERIOD OF INCREASE.*—Section 315(c)(1)(C) of  
13           such Act (2 U.S.C. 441a(c)(1)(C)), as amended by section  
14           2(b)(1), is amended by striking “subsections (a)(1)(A),  
15           (a)(1)(B), and (h)” and inserting “subsections (a) and (h)”.

16           (c) *DETERMINATION OF BASE YEAR.*—Section  
17           315(c)(2)(B) of such Act (2 U.S.C. 441a(c)(2)(B)) is  
18           amended—

19                   (1) by striking “and” at the end of clause (i);

20                   (2) by striking the period at the end of clause  
21           (ii) and inserting “; and”; and

22                   (3) by adding at the end the following new  
23           clause:

24                   “(iii) for purposes of subsections (a)(1)(C),  
25           (a)(1)(D), and (a)(2), calendar year 2005.”.



1 **SEC. 6. PERMITTING TRANSFERS BETWEEN LEADERSHIP**  
2 **COMMITTEES AND NATIONAL PARTY COMMIT-**  
3 **TEES.**

4 *Section 315(a)(4) of the Federal Election Campaign*  
5 *Act of 1971 (2 U.S.C. 441a(a)(4)) is amended—*

6 *(1) by striking “(4)” and inserting “(4)(A)”;*

7 *and*

8 *(2) by adding at the end the following new sub-*  
9 *paragraph:*

10 *“(B) The limitations on contributions contained in*  
11 *paragraphs (1) and (2) do not apply to transfers between*  
12 *a leadership committee of an individual holding Federal*  
13 *office and political committees established and maintained*  
14 *by a national political party. For purposes of the previous*  
15 *sentence, the term ‘leadership committee’ means, with re-*  
16 *spect to an individual holding Federal office, an unauthor-*  
17 *ized political committee which is associated with such indi-*  
18 *vidual but which is not affiliated with any authorized com-*  
19 *mittee of such individual.”.*

20 **SEC. 7. INCREASE IN THRESHOLD OF CONTRIBUTIONS AND**  
21 **EXPENDITURES REQUIRED FOR DETER-**  
22 **MINING TREATMENT AS POLITICAL COM-**  
23 **MITTEE.**

24 *(a) IN GENERAL.—Section 301(4)(A) of the Federal*  
25 *Election Campaign Act of 1971 (2 U.S.C. 431(4)(A)) is*

1 *amended by striking “\$1,000” each place it appears and*  
2 *inserting “\$10,000”.*

3 *(b) LOCAL POLITICAL PARTY COMMITTEES.—*

4 *(1) CONTRIBUTIONS RECEIVED.—Section*  
5 *301(4)(C) of such Act (2 U.S.C. 431(4)(C)) is amend-*  
6 *ed by striking “\$5,000” each place it appears and in-*  
7 *serting “\$10,000”.*

8 *(2) CONTRIBUTIONS OR EXPENDITURES MADE.—*  
9 *Section 301(4)(C) of such Act (2 U.S.C. 431(4)(C)) is*  
10 *amended by striking “\$1,000” each place it appears*  
11 *and inserting “\$10,000”.*

12 **SEC. 8. PROHIBITING CONTRIBUTIONS AND DONATIONS TO**  
13 **SECTION 527 ORGANIZATIONS BY FOREIGN**  
14 **NATIONALS.**

15 *(a) IN GENERAL.—Section 319(a)(1) of the Federal*  
16 *Election Campaign Act of 1971 (2 U.S.C. 441e(a)(1)) is*  
17 *amended—*

18 *(1) by striking “or” at the end of subparagraph*  
19 *(B);*

20 *(2) by redesignating subparagraph (C) as sub-*  
21 *paragraph (D); and*

22 *(3) by inserting after subparagraph (B) the fol-*  
23 *lowing new subparagraph:*

1           “(C) a contribution or donation to an orga-  
2           nization described in section 527 of the Internal  
3           Revenue Code of 1986; or”.

4           **(b) CONFORMING AMENDMENT REGARDING SOLICITA-**  
5           **TION OF FUNDS.**—Section 319(a)(2) of such Act (2 U.S.C.  
6           441e(a)(2)) is amended by striking “(A) or (B)” and insert-  
7           ing “(A), (B), or (C)”.

8           **SEC. 9. REQUIRING SECTION 527 ORGANIZATIONS TO SUB-**  
9           **MIT REPORTS UNDER FEDERAL ELECTION**  
10           **CAMPAIGN ACT OF 1971.**

11           Section 304(a) of the Federal Election Campaign Act  
12           of 1971 (2 U.S.C. 434(a)) is amended by adding at the end  
13           the following new paragraph:

14           “(13)(A) Except as provided in subparagraph (B),  
15           each organization described in section 527 of the Internal  
16           Revenue Code of 1986 shall submit a report under this sec-  
17           tion in the same manner, under the same terms and condi-  
18           tions, and at the same times applicable to a political com-  
19           mittee which is not an authorized committee of a candidate  
20           or a national committee of a political party.

21           “(B) Subparagraph (A) does not apply to an organiza-  
22           tion described in section 527(j)(5)(B) of the Internal Rev-  
23           enue Code of 1986 (relating to a State or local committee  
24           of a political party or political committee of a State or  
25           local candidate).”.

1 **SEC. 10. PERMITTING EXPENDITURES FOR ELECTION-**  
2 **EERING COMMUNICATIONS BY CERTAIN OR-**  
3 **GANIZATIONS.**

4 (a) *PERMITTING ORGANIZATIONS TO MAKE EXPENDI-*  
5 *TURES FOR CERTAIN TARGETED ELECTIONEERING COMMU-*  
6 *NICATIONS.*—Section 316(c) of the Federal Election Cam-  
7 *paign Act of 1971 (2 U.S.C. 441b(c)) is amended by strik-*  
8 *ing paragraph (6).*

9 (b) *EXPANDING TYPES OF ORGANIZATIONS ELIGIBLE*  
10 *TO MAKE EXPENDITURES.*—

11 (1) *IN GENERAL.*—Section 316(c) of such Act (2  
12 *U.S.C. 441b(c)) is amended by striking “section*  
13 *501(c)(4) organization” each place it appears in*  
14 *paragraphs (2), (3)(B), and (4)(A) (in the matter*  
15 *preceding clause (i)) and inserting “section 501(c)(4),*  
16 *(5), or (6) organization”.*

17 (2) *DEFINITION.*—Section 316(c)(4)(A)(i) of such  
18 *Act (2 U.S.C. 441b(c)(4)(A)(i)) is amended by strik-*  
19 *ing “section 501(c)(4) of the Internal Revenue Code*  
20 *of 1986” and inserting “paragraph (4), (5), or (6) of*  
21 *section 501(c) of the Internal Revenue Code of 1986”.*

22 (c) *CLARIFICATION OF EFFECT ON TAX TREATMENT*  
23 *OF EXPENDITURES.*—Section 316(c)(5) of such Act (2  
24 *U.S.C. 441b(c)(5)) is amended by striking the period at the*  
25 *end and inserting the following: “, or to affect the treatment*  
26 *under such Code of any expenditures described in section*

1 527(e) of such Code which are made by a section 501(c)(4),  
 2 (5), or (6) organization.”.

3 **SEC. 11. EXPANDING ABILITY OF CORPORATIONS AND**  
 4 **LABOR ORGANIZATIONS TO COMMUNICATE**  
 5 **WITH MEMBERS.**

6 (a) *TYPES OF COMMUNICATIONS PERMITTED.*—Sec-  
 7 tion 316(b)(4)(B) of the Federal Election Campaign Act of  
 8 1971 (2 U.S.C. 441b(b)(4)(B)) is amended by striking “only  
 9 by mail addressed” and inserting “only by communications  
 10 addressed or otherwise delivered”.

11 (b) *SOLICITATIONS BY TRADE ASSOCIATIONS.*—Sec-  
 12 tion 316(b)(4)(D) of such Act (2 U.S.C. 441b(b)(4)(D)) is  
 13 amended by striking “to the extent that” and all that fol-  
 14 lows and inserting a period.

15 **SEC. 12. PERMITTING STATE AND LOCAL POLITICAL PAR-**  
 16 **TIES TO USE NONFEDERAL FUNDS FOR**  
 17 **VOTER REGISTRATION AND SAMPLE BAL-**  
 18 **LOTS.**

19 (a) *IN GENERAL.*—Section 301(20) of the Federal  
 20 Election Campaign Act of 1971 (2 U.S.C. 431(20)) is  
 21 amended—

22 (1) in subparagraph (A), by striking clause (i)  
 23 and redesignating clauses (ii) through (iv) as clauses  
 24 (i) through (iii); and

25 (2) in subparagraph (B)—

1           (A) in clause (i), by striking “subparagraph  
2           (A)(i) or (ii)” and inserting “subparagraph  
3           (A)(i)”;

4           (B) by striking “and” at the end of clause  
5           (iii);

6           (C) by striking the period at the end of  
7           clause (iv) and inserting a semicolon; and

8           (D) by adding at the end the following new  
9           clauses:

10                   “(v) voter registration activities; and

11                   “(vi) the costs incurred with the prepa-  
12                   ration of a sample ballot for an election in  
13                   which a candidate for Federal office and a  
14                   candidate for State or local office appears  
15                   on the ballot.”.

16       (b) *CONFORMING AMENDMENTS.*—(1) Section  
17 304(f)(3)(B)(iv) of such Act (2 U.S.C. 434(f)(3)(B)(iv)) is  
18 amended by striking “section 301(20)(A)(iii)” and insert-  
19 ing “section 301(20)(A)(ii)”.

20       (2) Section 323 of such Act (2 U.S.C. 441i) is amend-  
21 ed—

22           (A) in subsection (b)(2)(A), by striking “clause  
23           (i) or (ii)” and inserting “clause (i)”;

1           (B) in subsection (e)(4), by striking “clauses (i)  
2           and (ii)” each place it appears in subparagraphs (A)  
3           and (B) and inserting “clause (i)”; and

4           (C) in subsection (f)(1), by striking “section  
5           301(20)(A)(iii)” and inserting “section  
6           301(20)(A)(ii)”.

7   **SEC. 13. CLARIFICATION OF AUTHORIZATION OF FEDERAL**  
8                           **CANDIDATES AND OFFICEHOLDERS TO AT-**  
9                           **TEND FUNDRAISING EVENTS FOR STATE OR**  
10                          **LOCAL POLITICAL PARTIES.**

11           Section 323(e)(3) of the Federal Election Campaign  
12 Act of 1971 (2 U.S.C. 441i(e)(3)) is amended by striking  
13 “speak,” and inserting “speak without restriction or regula-  
14 tion,”.

15   **SEC. 14. MODIFICATION OF DEFINITION OF PUBLIC COMMU-**  
16                           **NICATION.**

17           (a) *IN GENERAL.*—Section 301(22) of the Federal  
18 Election Campaign Act of 1971 (2 U.S.C. 431(22)) is  
19 amended by adding at the end the following new sentence:  
20 “Such term shall not include communications over the  
21 Internet.”.

22           (b) *EFFECTIVE DATE.*—The amendment made by sub-  
23 section (a) shall take effect on the date of the enactment  
24 of this Act.

1 **SEC. 15. TREATMENT OF CANDIDATE COMMUNICATIONS**  
2 **CONTAINING ENDORSEMENT BY FEDERAL**  
3 **CANDIDATE OR OFFICEHOLDER.**

4 (a) *IN GENERAL.*—Section 315(a) of the Federal Elec-  
5 tion Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended  
6 by adding at the end the following new paragraph:

7 “(9)(A) For purposes of paragraph (7)(C), a disburse-  
8 ment for an electioneering communication which refers to  
9 a candidate for Federal office shall not be treated as a dis-  
10 bursement which is coordinated with such candidate solely  
11 on the ground that the communication contains a State or  
12 local endorsement or (in the case of a communication con-  
13 taining a State or local endorsement) that the candidate  
14 reviewed, approved, or otherwise participated in the prepa-  
15 ration and dissemination of the communication.

16 “(B) In subparagraph (A), the term ‘State or local en-  
17 dorsement’ means, with respect to a candidate for Federal  
18 office—

19 “(i) an endorsement by such candidate of a can-  
20 didate for State or local office or of another candidate  
21 for Federal office; or

22 “(ii) a statement of the position of such can-  
23 didate on a State or local ballot initiative or ref-  
24 erendum.”.

25 (b) **CONFORMING AMENDMENT.**—Section  
26 315(a)(7)(C)(ii) of such Act (2 U.S.C. 441a(a)(7)(C)(ii)) is



1 *amended by striking “such disbursement” and inserting*  
2 *“subject to paragraph (9), such disbursement”.*

3 *(c) EFFECTIVE DATE.—The amendments made by this*  
4 *section shall apply with respect to elections occurring on*  
5 *or after the date of the enactment of this Act.*

6 **SEC. 16. SEVERABILITY.**

7 *If any provision of this Act or any amendment made*  
8 *by this Act, or the application of a provision or amendment*  
9 *to any person or circumstance, is held to be unconstitu-*  
10 *tional, the remainder of this Act and the amendments made*  
11 *by this Act, and the application of the provisions and*  
12 *amendments to any person or circumstance, shall not be*  
13 *affected by the holding.*

14 **SEC. 17. EFFECTIVE DATE.**

15 *Except as otherwise provided, the amendments made*  
16 *by this Act shall take effect January 1, 2006.*

Union Calendar No. 87

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 1316**

[Report No. 109-1461]

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**A BILL**

To amend the Federal Election Campaign Act of 1971 to repeal the limit on the aggregate amount of campaign contributions that may be made by individuals during an election cycle; to repeal the limit on the amount of expenditures political parties may make on behalf of their candidates in general elections for Federal office, to allow State and local parties to make certain expenditures using nonfederal funds, to restore certain rights to exempt organizations under the Internal Revenue Code of 1986, and for other purposes.

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JUNE 22, 2005

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed