

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5905

To amend the Internal Revenue Code of 1986 to reform the system of public financing for Presidential elections, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

JULY 26, 2006

Mr. MEEHAN (for himself and Mr. SHAYS) introduced the following bill; which was referred to the Committee on House Administration, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To amend the Internal Revenue Code of 1986 to reform the system of public financing for Presidential elections, 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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Presidential Funding Act of 2006”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Revisions to system of Presidential primary matching payments.

- Sec. 3. Requiring participation in primary payment system as condition of eligibility for general election payments.
- Sec. 4. Revisions to expenditure limits.
- Sec. 5. Additional payments and increased expenditure limits for candidates participating in public financing who face certain nonparticipating opponents.
- Sec. 6. Establishment of uniform date for release of payments from Presidential Election Campaign Fund to eligible candidates.
- Sec. 7. Revisions to designation of income tax payments by individual taxpayers.
- Sec. 8. Amounts in Presidential Election Campaign Fund.
- Sec. 9. Repeal of priority in use of funds for political conventions.
- Sec. 10. Regulation of convention financing.
- Sec. 11. Disclosure of bundled contributions.
- Sec. 12. Effective date.

1 **SEC. 2. REVISIONS TO SYSTEM OF PRESIDENTIAL PRIMARY**  
 2 **MATCHING PAYMENTS.**

3 (a) INCREASE IN MATCHING PAYMENTS.—

4 (1) IN GENERAL.—Section 9034(a) of the In-  
 5 ternal Revenue Code of 1986 is amended—

6 (A) by striking “an amount equal to the  
 7 amount” and inserting “an amount equal to  
 8 400 percent of the amount”; and

9 (B) by striking “\$250” and inserting  
 10 “\$200”.

11 (2) ADDITIONAL MATCHING PAYMENTS FOR  
 12 CANDIDATES AFTER MARCH 31 OF THE ELECTION  
 13 YEAR.—Section 9034(b) of such Code is amended to  
 14 read as follows:

15 “(b) ADDITIONAL PAYMENTS FOR CANDIDATES  
 16 AFTER MARCH 31 OF THE ELECTION YEAR.—In addition  
 17 to any payment under subsection (a), an individual who  
 18 is a candidate after March 31 of the calendar year in

1 which the presidential election is held and who is eligible  
2 to receive payments under section 9033 shall be entitled  
3 to payments under section 9037 in an amount equal to  
4 the amount of each contribution received by such indi-  
5 vidual after March 31 of the calendar year in which such  
6 presidential election is held, disregarding any amount of  
7 contributions from any person to the extent that the total  
8 of the amounts contributed by such person after such date  
9 exceeds \$200.”.

10 (3) CONFORMING AMENDMENTS.—Section 9034  
11 of such Code, as amended by paragraph (2), is  
12 amended—

13 (A) by striking the last sentence of sub-  
14 section (a); and

15 (B) by inserting after subsection (b) the  
16 following new subsection:

17 “(c) CONTRIBUTION DEFINED.—For purposes of this  
18 section and section 9033(b), the term ‘contribution’ means  
19 a gift of money made by a written instrument which iden-  
20 tifies the person making the contribution by full name and  
21 mailing address, but does not include a subscription, loan,  
22 advance, or deposit of money, or anything of value or any-  
23 thing described in subparagraph (B), (C), or (D) of sec-  
24 tion 9032(4).”.

25 (b) ELIGIBILITY REQUIREMENTS.—

1           (1) AMOUNT OF AGGREGATE CONTRIBUTIONS  
2 PER STATE.—Section 9033(b)(3) of such Code is  
3 amended by striking “\$5,000” and inserting  
4 “\$25,000”.

5           (2) AMOUNT OF INDIVIDUAL CONTRIBU-  
6 TIONS.—Section 9033(b)(4) of such Code is amend-  
7 ed by striking “\$250” and inserting “\$200”.

8           (3) PARTICIPATION IN SYSTEM FOR PAYMENTS  
9 FOR GENERAL ELECTION.—Section 9033(b) of such  
10 Code is amended—

11                   (A) by striking “and” at the end of para-  
12 graph (3);

13                   (B) by striking the period at the end of  
14 paragraph (4) and inserting “, and”; and

15                   (C) by adding at the end the following new  
16 paragraph:

17                   “(5) if the candidate is nominated by a political  
18 party for election to the office of President, the can-  
19 didate will apply for and accept payments with re-  
20 spect to the general election for such office in ac-  
21 cordance with chapter 95, including the requirement  
22 that the candidate and the candidate’s authorized  
23 committees will not incur qualified campaign ex-  
24 penses in excess of the aggregate payments to which  
25 they will be entitled under section 9004.”.

1 (c) PERIOD OF AVAILABILITY OF PAYMENTS.—

2 (1) IN GENERAL.—Section 9032(6) of such  
3 Code is amended by striking “the beginning of the  
4 calendar year” and inserting “July 1 of the calendar  
5 year preceding the calendar year”.

6 (2) CONFORMING AMENDMENT.—Section  
7 9034(a) of such Code is amended by striking “the  
8 beginning of the calendar year” and inserting “July  
9 1 of the calendar year preceding the calendar year”.

10 **SEC. 3. REQUIRING PARTICIPATION IN PRIMARY PAYMENT**  
11 **SYSTEM AS CONDITION OF ELIGIBILITY FOR**  
12 **GENERAL ELECTION PAYMENTS.**

13 (a) MAJOR PARTY CANDIDATES.—Section 9003(b) of  
14 the Internal Revenue Code of 1986 is amended—

15 (1) by redesignating paragraphs (1) and (2) as  
16 paragraphs (2) and (3); and

17 (2) by inserting before paragraph (2) (as so re-  
18 designated) the following new paragraph:

19 “(1) the candidate received payments under  
20 chapter 96 for the campaign for nomination;”.

21 (b) MINOR PARTY CANDIDATES.—Section 9003(c) of  
22 such Code is amended—

23 (1) by redesignating paragraphs (1) and (2) as  
24 paragraphs (2) and (3); and

1           (2) by inserting before paragraph (2) (as so re-  
2           designated) the following new paragraph:

3           “(1) the candidate received payments under  
4           chapter 96 for the campaign for nomination;”.

5 **SEC. 4. REVISIONS TO EXPENDITURE LIMITS.**

6           (a) INCREASE IN EXPENDITURE LIMITS FOR PAR-  
7           TICIPATING CANDIDATES; ELIMINATION OF STATE-SPE-  
8           CIFIC LIMITS.—

9           (1) IN GENERAL.—Section 315(b)(1) of the  
10          Federal Election Campaign Act of 1971 (2 U.S.C.  
11          441a(b)(1)) is amended by striking “may make ex-  
12          penditures in excess of” and all that follows and in-  
13          serting “may make expenditures—

14          “(A) with respect to a campaign for nomination  
15          for election to such office—

16                  “(i) in excess of \$100,000,000 before April  
17                  1 of the calendar year in which the presidential  
18                  election is held, and

19                  “(ii) in excess of \$150,000,000 before the  
20                  date described in section 9006(b) of the Inter-  
21                  nal Revenue Code of 1986; and

22          “(B) with respect to a campaign for election to  
23          such office, in excess of \$100,000,000.”.

24          (2) CLERICAL CORRECTION.—Section  
25          9004(a)(1) of the Internal Revenue Code of 1986 is

1       amended by striking “section 320(b)(1)(B) of the  
2       Federal Election Campaign Act of 1971” and insert-  
3       ing “section 315(b)(1)(B) of the Federal Election  
4       Campaign Act of 1971”.

5       (b) INCREASE IN LIMIT ON COORDINATED PARTY  
6       EXPENDITURES.—Section 315(d)(2) of the Federal Elec-  
7       tion Campaign Act of 1971 (2 U.S.C. 441a(d)(2)) is  
8       amended to read as follows:

9       “(2)(A) The national committee of a political party  
10      may not make any expenditure in connection with the gen-  
11      eral election campaign of any candidate for President of  
12      the United States who is affiliated with such party which  
13      exceeds \$25,000,000.

14      “(B) Notwithstanding the limitation under subpara-  
15      graph (A), during the period beginning on April 1 of the  
16      year in which a presidential election is held and ending  
17      on the date described in section 9006(b) of the Internal  
18      Revenue Code of 1986, the national committee of a polit-  
19      ical party may make additional expenditures in connection  
20      with the general election campaign of a candidate for  
21      President of the United States who is affiliated with such  
22      party in an amount not to exceed \$25,000,000.

23      “(C)(i) Notwithstanding subparagraph (B) or the  
24      limitation under subparagraph (A), if any nonpartici-  
25      pating primary candidate (within the meaning of sub-

1 section (b)(3)) affiliated with the national committee of  
2 a political party receives contributions or makes expendi-  
3 tures with respect to such candidate's campaign in an ag-  
4 gregate amount greater than 120 percent of the expendi-  
5 ture limitation in effect under subsection (b)(1)(A)(ii),  
6 then during the period described in clause (ii), the national  
7 committee of any other political party may make expendi-  
8 tures in connection with the general election campaign of  
9 a candidate for President of the United States who is af-  
10 filiated with such other party without limitation.

11       “(ii) The period described in this clause is the pe-  
12 riod—

13               “(I) beginning on the later of April 1 of the  
14 year in which a presidential election is held or the  
15 date which such nonparticipating primary candidate  
16 first receives contributions or makes expenditures in  
17 the aggregate amount described in clause (i), and

18               “(II) ending on the earlier of the date such  
19 nonparticipating primary candidate ceases to be a  
20 candidate for nomination to the office of President  
21 of the United States and is not a candidate for such  
22 office or the date described in section 9006(b) of the  
23 Internal Revenue Code of 1986.

24       “(iii) If the nonparticipating primary candidate de-  
25 scribed in clause (i) ceases to be a candidate for nomina-



1 tion to the office of President of the United States and  
2 is not a candidate for such office, clause (i) shall not apply  
3 and the limitations under subparagraphs (A) and (B) shall  
4 apply. It shall not be considered to be a violation of this  
5 Act if the application of the preceding sentence results in  
6 the national committee of a political party violating the  
7 limitations under subparagraphs (A) and (B) solely by  
8 reason of expenditures made by such national committee  
9 during the period which clause (i) applied.

10 “(D) For purposes of this paragraph—

11 “(i) any expenditure made by or on behalf of a  
12 national committee of a political party and in con-  
13 nection with a presidential election shall be consid-  
14 ered to be made in connection with the general elec-  
15 tion campaign of a candidate for President of the  
16 United States who is affiliated with such party, and

17 “(ii) any communication made by or on behalf  
18 of such party shall be considered to be made in con-  
19 nection with the general election campaign of a can-  
20 didate for President of the United States who is af-  
21 filiated with such party if any portion of the commu-  
22 nication is in connection with such election.

23 “(E) Any expenditure under this paragraph shall be  
24 in addition to any expenditure by a national committee  
25 of a political party serving as the principal campaign com-

1 mittee of a candidate for the office of President of the  
2 United States.”.

3 (c) CONFORMING AMENDMENTS RELATING TO TIM-  
4 ING OF COST-OF-LIVING ADJUSTMENT.—

5 (1) IN GENERAL.—Section 315(c)(1) of such  
6 Act ( 2 U.S.C.. 441(c)(1)) is amended—

7 (A) in subparagraph (B), by striking “(b),  
8 (d),” and inserting “(d)(3)”; and

9 (B) by inserting at the end the following  
10 new subparagraph:

11 “(D) In any calendar year after 2008—

12 “(i) a limitation established by subsection (b) or  
13 (d)(2) shall be increased by the percent difference  
14 determined under subparagraph (A);

15 “(ii) each amount so increased shall remain in  
16 effect for the calendar year; and

17 “(iii) if any amount after adjustment under  
18 clause (i) is not a multiple of \$100, such amount  
19 shall be rounded to the nearest multiple of \$100.”.

20 (2) BASE YEAR.—Section 315(c)(2)(B) of such  
21 Act (2 U.S.C. 441a(c)(2)(B)) is amended—

22 (A) in clause (i), by striking “subsections  
23 (b) and (d)” and inserting “subsection (d)(3)”;  
24

25 (B) in clause (i), by striking “and” at the  
end;

1 (C) in clause (ii), by striking the period at  
2 the end and inserting “; and”; and

3 (D) by adding at the end the following new  
4 clause:

5 “(iii) for purposes of subsection (b) and  
6 (d)(2), calendar year 2007.”.

7 (d) REPEAL OF EXCLUSION OF FUNDRAISING COSTS  
8 FROM TREATMENT AS EXPENDITURES.—Section  
9 301(9)(B)(vi) of the Federal Election Campaign Act of  
10 1971 (2 U.S.C. 431(9)(B)(vi)) is amended by striking “in  
11 excess of an amount equal to 20 percent of the expenditure  
12 limitation applicable to such candidate under section  
13 315(b)” and inserting the following: “who is seeking nomi-  
14 nation for election or election to the office of President  
15 or Vice President of the United States”.

16 **SEC. 5. ADDITIONAL PAYMENTS AND INCREASED EXPENDI-**  
17 **TURE LIMITS FOR CANDIDATES PARTICI-**  
18 **PATING IN PUBLIC FINANCING WHO FACE**  
19 **CERTAIN NONPARTICIPATING OPPONENTS.**

20 (a) CANDIDATES IN PRIMARY ELECTIONS.—

21 (1) ADDITIONAL PAYMENTS.—

22 (A) IN GENERAL.—Section 9034 of the In-  
23 ternal Revenue Code of 1986, as amended by  
24 section 2, is amended by redesignating sub-  
25 section (c) as subsection (d) and by inserting

1 after subsection (b) the following new sub-  
2 section:

3 “(c) ADDITIONAL PAYMENTS FOR CANDIDATES FAC-  
4 ING NONPARTICIPATING OPPONENTS.—

5 “(1) IN GENERAL.—In addition to any pay-  
6 ments provided under subsections (a) and (b), each  
7 candidate described in paragraph (2) shall be enti-  
8 tled to—

9 “(A) a payment under section 9037 in an  
10 amount equal to the amount of each contribu-  
11 tion received by such candidate on or after July  
12 1 of the calendar year preceding the calendar  
13 year of the presidential election with respect to  
14 which such candidate is seeking nomination and  
15 before the qualifying date, disregarding any  
16 amount of contributions from any person to the  
17 extent that the total of the amounts contributed  
18 by such person exceeds \$200, and

19 “(B) payments under section 9037 in an  
20 amount equal to the amount of each contribu-  
21 tion received by such candidate on or after the  
22 qualifying date, disregarding any amount of  
23 contributions from any person to the extent  
24 that the total of the amounts contributed by  
25 such person exceeds \$200.

1           “(2) CANDIDATES TO WHOM THIS SUBSECTION  
2 APPLIES.—A candidate is described in this para-  
3 graph if such candidate—

4           “(A) is eligible to receive payments under  
5 section 9033, and

6           “(B) is opposed by a nonparticipating pri-  
7 mary candidate of the same political party who  
8 receives contributions or makes expenditures  
9 with respect to the campaign—

10           “(i) before April 1 of the year in  
11 which the presidential election is held, in  
12 an aggregate amount greater than 120  
13 percent of the expenditure limitation under  
14 section 315(b)(1)(A)(i) of the Federal  
15 Election Campaign Act of 1971, or

16           “(ii) before the date described in sec-  
17 tion 9006(b), in an aggregate amount  
18 greater than 120 percent of the expendi-  
19 ture limitation under section  
20 315(b)(1)(A)(ii) of such Act.

21           “(3) NONPARTICIPATING PRIMARY CAN-  
22 DIDATE.—In this subsection, the term ‘nonparti-  
23 cating primary candidate’ means a candidate for  
24 nomination for election for the office of President

1 who is not eligible under section 9033 to receive pay-  
2 ments from the Secretary under this chapter.

3 “(4) QUALIFYING DATE.—In this subsection,  
4 the term ‘qualifying date’ means the first date on  
5 which the contributions received or expenditures  
6 made by the nonparticipating primary candidate de-  
7 scribed in paragraph (2)(B) exceed the amount de-  
8 scribed under either clause (i) or clause (ii) of such  
9 paragraph.”.

10 (B) CONFORMING AMENDMENT.—Section  
11 9034(b)(2) of such Code, as amended by sec-  
12 tion 2, is amended by striking “subsection (a)”  
13 and inserting “subsections (a) and (c)”.

14 (2) INCREASE IN EXPENDITURE LIMIT.—Sec-  
15 tion 315(b) of the Federal Election Campaign Act of  
16 1971 (2 U.S.C. 441a(b)) is amended by adding at  
17 the end the following new paragraph:

18 “(3)(A) In the case of an eligible candidate, each of  
19 the limitations under clause (i) and (ii) of paragraph  
20 (1)(A) shall be increased—

21 “(i) by \$50,000,000, if any nonparticipating  
22 primary candidate of the same political party as  
23 such candidate receives contributions or makes ex-  
24 penditures with respect to the campaign in an aggre-  
25 gate amount greater than 120 percent of the ex-

1       penditure limitation applicable to eligible candidates  
2       under clause (i) or (ii) of paragraph (1)(A) (before  
3       the application of this clause), and

4               “(ii) by \$100,000,000, if such nonparticipating  
5       primary candidate receives contributions or makes  
6       expenditures with respect to the campaign in an ag-  
7       gregate amount greater than 120 percent of the ex-  
8       penditure limitation applicable to eligible candidates  
9       under clause (i) or (ii) of paragraph (1)(A) after the  
10       application of clause (i).

11       “(B) Each dollar amount under subparagraph (A)  
12       shall be considered a limitation under this subsection for  
13       purposes of subsection (c).

14       “(C) In this paragraph, the term ‘eligible candidate’  
15       means, with respect to any period, a candidate—

16               “(i) who is eligible to receive payments under  
17       section 9033 of the Internal Revenue Code of 1986;

18               “(ii) who is opposed by a nonparticipating pri-  
19       mary candidate; and

20               “(iii) with respect to whom the Commission has  
21       given notice under section 304(i)(1)(B)(i).

22       “(D) In this paragraph, the term ‘nonparticipating  
23       primary candidate’ means, with respect to any eligible can-  
24       didate, a candidate for nomination for election for the of-  
25       fice of President who is not eligible under section 9033

1 of the Internal Revenue Code of 1986 to receive payments  
2 from the Secretary of the Treasury under chapter 96 of  
3 such Code.”.

4 (b) CANDIDATES IN GENERAL ELECTIONS.—

5 (1) ADDITIONAL PAYMENTS.—

6 (A) IN GENERAL.—Section 9004(a)(1) of  
7 the Internal Revenue Code of 1986 is amend-  
8 ed—

9 (i) by striking “(1) The eligible can-  
10 didates” and inserting “(1)(A) Except as  
11 provided in subparagraph (B), the eligible  
12 candidates”; and

13 (ii) by adding at the end the following  
14 new subparagraph:

15 “(B) In addition to the payments described in  
16 subparagraph (A), each eligible candidate of a major  
17 party in a presidential election with an opponent in  
18 the election who is not eligible to receive payments  
19 under section 9006 and who receives contributions  
20 or makes expenditures with respect to the primary  
21 and general elections in an aggregate amount great-  
22 er than 120 percent of the combined expenditure  
23 limitations applicable to eligible candidates under  
24 section 315(b)(1) of the Federal Election Campaign  
25 Act of 1971 shall be entitled to an equal payment



1 under section 9006 in an amount equal to 100 per-  
2 cent of the expenditure limitation applicable under  
3 such section with respect to a campaign for election  
4 to the office of President.”.

5 (B) SPECIAL RULE FOR MINOR PARTY  
6 CANDIDATES.—Section 9004(a)(2)(A) of such  
7 Code is amended—

8 (i) by striking “(A) The eligible can-  
9 didates” and inserting “(A)(i) Except as  
10 provided in clause (ii), the eligible can-  
11 didates”; and

12 (ii) by adding at the end the following  
13 new clause:

14 “(ii) In addition to the payments described in  
15 clause (i), each eligible candidate of a minor party  
16 in a presidential election with an opponent in the  
17 election who is not eligible to receive payments  
18 under section 9006 and who receives contributions  
19 or makes expenditures with respect to the primary  
20 and general elections in an aggregate amount great-  
21 er than 120 percent of the combined expenditure  
22 limitations applicable to eligible candidates under  
23 section 315(b)(1) of the Federal Election Campaign  
24 Act of 1971 shall be entitled to an equal payment  
25 under section 9006 in an amount equal to 100 per-

1 cent of the payment to which such candidate is enti-  
2 tled under clause (i).”.

3 (2) EXCLUSION OF ADDITIONAL PAYMENT  
4 FROM DETERMINATION OF EXPENDITURE LIMITS.—  
5 Section 315(b) of the Federal Election Campaign  
6 Act of 1971 (2 U.S.C. 441a(b)), as amended by sub-  
7 section (a), is amended by adding at the end the fol-  
8 lowing new paragraph:

9 “(4) In the case of a candidate who is eligible to re-  
10 ceive payments under section 9004(a)(1)(B) or  
11 9004(a)(2)(A)(ii) of the Internal Revenue Code of 1986,  
12 the limitation under paragraph (1)(B) shall be increased  
13 by the amount of such payments received by the can-  
14 didate.”.

15 (c) PROCESS FOR DETERMINATION OF ELIGIBILITY  
16 FOR ADDITIONAL PAYMENT AND INCREASED EXPENDI-  
17 TURE LIMITS.—Section 304 of the Federal Election Cam-  
18 paign Act of 1971 (2 U.S.C. 434) is amended by adding  
19 at the end the following new subsection

20 “(i) REPORTING AND CERTIFICATION FOR ADDI-  
21 TIONAL PUBLIC FINANCING PAYMENTS FOR CAN-  
22 DIDATES.—

23 “(1) PRIMARY CANDIDATES.—

24 “(A) NOTIFICATION OF EXPENDITURES BY  
25 INELIGIBLE CANDIDATES.—

1           “(i) EXPENDITURES IN EXCESS OF  
2           120 PERCENT OF LIMIT.—If a candidate  
3           for a nomination for election for the office  
4           of President who is not eligible to receive  
5           payments under section 9033 of the Inter-  
6           nal Revenue Code of 1986 receives con-  
7           tributions or makes expenditures with re-  
8           spect to the primary election in an aggre-  
9           gate amount greater than 120 percent of  
10          the expenditure limitation applicable to eli-  
11          gible candidates under clause (i) or (ii) of  
12          section 315(b)(1)(A), the candidate shall  
13          notify the Commission in writing that the  
14          candidate has made aggregate expenditures  
15          in such an amount not later than 24 hours  
16          after first receiving aggregate contribu-  
17          tions or making aggregate expenditures in  
18          such an amount.

19          “(ii) EXPENDITURES IN EXCESS OF  
20          120 PERCENT OF INCREASED LIMIT.—If a  
21          candidate for a nomination for election for  
22          the office of President who is not eligible  
23          to receive payments under section 9033 of  
24          the Internal Revenue Code of 1986 re-  
25          ceives contributions or makes expenditures

1 with respect to the primary election in an  
2 aggregate amount greater than 120 per-  
3 cent of the expenditure limitation applica-  
4 ble to eligible candidates under section  
5 315(b) after the application of paragraph  
6 (3)(A)(i) thereof, the candidate shall notify  
7 the Commission in writing that the can-  
8 didate has made aggregate expenditures in  
9 such an amount not later than 24 hours  
10 after first receiving aggregate contribu-  
11 tions or making aggregate expenditures in  
12 such an amount.

13 “(B) CERTIFICATION.—Not later than 24  
14 hours after receiving any written notice under  
15 subparagraph (A) from a candidate, the Com-  
16 mission shall—

17 “(i) certify to the Secretary of the  
18 Treasury that opponents of the candidate  
19 are eligible for additional payments under  
20 section 9034(c) of the Internal Revenue  
21 Code of 1986;

22 “(ii) notify each opponent of the can-  
23 didate who is eligible to receive payments  
24 under section 9033 of the Internal Rev-  
25 enue Code of 1986 of the amount of the

1 increased limitation on expenditures which  
2 applies pursuant to section 315(b)(3); and

3 “(iii) in the case of a notice under  
4 subparagraph (A)(i), notify the national  
5 committee of each political party (other  
6 than the political party with which the can-  
7 didate is affiliated) of the inapplicability of  
8 expenditure limits under section 315(d)(2)  
9 pursuant to subparagraph (C) thereof.

10 “(2) GENERAL ELECTION CANDIDATES.—

11 “(A) NOTIFICATION OF EXPENDITURES BY  
12 INELIGIBLE CANDIDATES.—If a candidate in a  
13 presidential election who is not eligible to re-  
14 ceive payments under section 9006 of the Inter-  
15 nal Revenue Code of 1986 receives contribu-  
16 tions or makes expenditures with respect to the  
17 primary and general elections in an aggregate  
18 amount greater than 120 percent of the com-  
19 bined expenditure limitations applicable to eligi-  
20 ble candidates under section 315(b)(1), the can-  
21 didate shall notify the Commission in writing  
22 that the candidate has made aggregate expendi-  
23 tures in such an amount not later than 24  
24 hours after first receiving aggregate contribu-

1           tions or making aggregate expenditures in such  
2           an amount.

3           “(B) CERTIFICATION.—Not later than 24  
4           hours after receiving a written notice under  
5           subparagraph (A), the Commission shall certify  
6           to the Secretary of the Treasury for payment to  
7           any eligible candidate who is entitled to an ad-  
8           ditional payment under paragraph (1)(B) or  
9           (2)(A)(ii) of section 9004(a) of the Internal  
10          Revenue Code of 1986 that the candidate is en-  
11          titled to payment in full of the additional pay-  
12          ment under such section.”.

13 **SEC. 6. ESTABLISHMENT OF UNIFORM DATE FOR RELEASE**  
14                   **OF PAYMENTS FROM PRESIDENTIAL ELEC-**  
15                   **TION CAMPAIGN FUND TO ELIGIBLE CAN-**  
16                   **DIDATES.**

17          (a) IN GENERAL.—The first sentence of section  
18          9006(b) of the Internal Revenue Code of 1986 is amended  
19          to read as follows: “If the Secretary of the Treasury re-  
20          ceives a certification from the Commission under section  
21          9005 for payment to the eligible candidates of a political  
22          party, the Secretary shall, on the last Friday occurring  
23          before the first Monday in September, pay to such can-  
24          didates of the fund the amount certified by the Commis-  
25          sion.”.

1 (b) CONFORMING AMENDMENT.—The first sentence  
 2 of section 9006(c) of such Code is amended by striking  
 3 “the time of a certification by the Comptroller General  
 4 under section 9005 for payment” and inserting “the time  
 5 of making a payment under subsection (b)”.

6 **SEC. 7. REVISIONS TO DESIGNATION OF INCOME TAX PAY-**  
 7 **MENTS BY INDIVIDUAL TAXPAYERS.**

8 (a) INCREASE IN AMOUNT DESIGNATED.—Section  
 9 6096(a) of the Internal Revenue Code of 1986 is amend-  
 10 ed—

11 (1) in the first sentence, by striking “\$3” each  
 12 place it appears and inserting “\$10”; and

13 (2) in the second sentence—

14 (A) by striking “\$6” and inserting “\$20”,  
 15 and

16 (B) by striking “\$3” and inserting “\$10”.

17 (b) INDEXING.—Section 6096 of such Code is amend-  
 18 ed by adding at the end the following new subsection:

19 “(d) INDEXING OF AMOUNT DESIGNATED.—

20 “(1) IN GENERAL.—With respect to each tax-  
 21 able year after 2006, each amount referred to in  
 22 subsection (a) shall be increased by the percent dif-  
 23 ference described in paragraph (2), except that if  
 24 any such amount after such an increase is not a

1 multiple of \$1, such amount shall be rounded to the  
2 nearest multiple of \$1.

3 “(2) PERCENT DIFFERENCE DESCRIBED.—The  
4 percent difference described in this paragraph with  
5 respect to a taxable year is the percent difference  
6 determined under section 315(c)(1)(A) of the Fed-  
7 eral Election Campaign Act of 1971 with respect to  
8 the calendar year during which the taxable year be-  
9 gins, except that the base year involved shall be  
10 2006.”.

11 (c) ENSURING TAX PREPARATION SOFTWARE DOES  
12 NOT PROVIDE AUTOMATIC RESPONSE TO DESIGNATION  
13 QUESTION.—Section 6096 of such Code, as amended by  
14 subsection (b), is amended by adding at the end the fol-  
15 lowing new subsection:

16 “(e) ENSURING TAX PREPARATION SOFTWARE DOES  
17 NOT PROVIDE AUTOMATIC RESPONSE TO DESIGNATION  
18 QUESTION.—The Secretary shall promulgate regulations  
19 to ensure that electronic software used in the preparation  
20 or filing of individual income tax returns does not auto-  
21 matically accept or decline a designation of a payment  
22 under this section.”.

23 (d) PUBLIC INFORMATION PROGRAM ON DESIGNA-  
24 TION.—Section 6096 of such Code, as amended by sub-



1 sections (b) and (c), is amended by adding at the end the  
2 following new subsection:

3 “(f) PUBLIC INFORMATION PROGRAM.—

4 “(1) IN GENERAL.—The Federal Election Com-  
5 mission shall conduct a program to inform and edu-  
6 cate the public regarding the purposes of the Presi-  
7 dential Election Campaign Fund, the procedures for  
8 the designation of payments under this section, and  
9 the effect of such a designation on the income tax  
10 liability of taxpayers.

11 “(2) USE OF FUNDS FOR PROGRAM.—Amounts  
12 in the Presidential Election Campaign Fund shall be  
13 made available to the Federal Election Commission  
14 to carry out the program under this subsection, ex-  
15 cept that the amount made available for this pur-  
16 pose may not exceed \$10,000,000 with respect to  
17 any Presidential election cycle. In this paragraph, a  
18 ‘Presidential election cycle’ is the 4-year period be-  
19 ginning with January of the year following a Presi-  
20 dential election.”.

21 (e) EFFECTIVE DATE.—The amendments made by  
22 this section shall take effect on the date of the enactment  
23 of this Act.

1 **SEC. 8. AMOUNTS IN PRESIDENTIAL ELECTION CAMPAIGN**  
2 **FUND.**

3 (a) DETERMINATION OF AMOUNTS IN FUND.—Sec-  
4 tion 9006(c) of the Internal Revenue Code of 1986 is  
5 amended by adding at the end the following new sentence:  
6 “In making a determination of whether there are insuffi-  
7 cient moneys in the fund for purposes of the previous sen-  
8 tence, the Secretary shall take into account in determining  
9 the balance of the fund for a Presidential election year  
10 the Secretary’s best estimate of the amount of moneys  
11 which will be deposited into the fund during the year, ex-  
12 cept that the amount of the estimate may not exceed the  
13 average of the annual amounts deposited in the fund dur-  
14 ing the previous 3 years.”.

15 (b) SPECIAL RULE FOR FIRST CAMPAIGN CYCLE  
16 UNDER THIS ACT.—

17 (1) IN GENERAL.—Section 9006 of the Internal  
18 Revenue Code of 1986 is amended by adding at the  
19 end the following new subsection:

20 “(d) SPECIAL AUTHORITY TO BORROW.—

21 “(1) IN GENERAL.—Notwithstanding subsection  
22 (c), there are authorized to be appropriated to the  
23 fund, as repayable advances, such sums as are nec-  
24 essary to carry out the purposes of the fund during  
25 the period ending on the first presidential election

1 occurring after the date of the enactment of this  
2 subsection.

3 “(2) REPAYMENT OF ADVANCES.—

4 “(A) IN GENERAL.—Advances made to the  
5 fund shall be repaid, and interest on such ad-  
6 vances shall be paid, to the general fund of the  
7 Treasury when the Secretary determines that  
8 moneys are available for such purposes in the  
9 fund.

10 “(B) RATE OF INTEREST.—Interest on ad-  
11 vances made to the fund shall be at a rate de-  
12 termined by the Secretary of the Treasury (as  
13 of the close of the calendar month preceding the  
14 month in which the advance is made) to be  
15 equal to the current average market yield on  
16 outstanding marketable obligations of the  
17 United States with remaining periods to matu-  
18 rity comparable to the anticipated period during  
19 which the advance will be outstanding and shall  
20 be compounded annually.”.

21 (2) EFFECTIVE DATE.—The amendment made  
22 by this subsection shall take effect on the date of the  
23 enactment of this Act.

1 **SEC. 9. REPEAL OF PRIORITY IN USE OF FUNDS FOR POLIT-**  
 2 **ICAL CONVENTIONS.**

3 (a) IN GENERAL.—Section 9008(a) of the Internal  
 4 Revenue Code of 1986 is amended by striking the period  
 5 at the end of the second sentence and all that follows and  
 6 inserting the following: “, except that the amount depos-  
 7 ited may not exceed the amount available after the Sec-  
 8 retary determines that amounts for payments under sec-  
 9 tion 9006 and section 9037 are available for such pay-  
 10 ments.”.

11 (b) CONFORMING AMENDMENT.—The second sen-  
 12 tence of section 9037(a) of such Code is amended by strik-  
 13 ing “section 9006(e) and for payments under section  
 14 9008(b)(3)” and inserting “section 9006”.

15 **SEC. 10. REGULATION OF CONVENTION FINANCING.**

16 (a) IN GENERAL.—Section 323 of the Federal Elec-  
 17 tion Campaign Act of 1971 (2 U.S.C. 441i) is amended  
 18 by adding at the end the following new subsection:

19 “(g) NATIONAL CONVENTIONS.—

20 “(1) IN GENERAL.—Any person described in  
 21 subsection (a) or (e) shall not solicit, receive, direct,  
 22 transfer, or spend any funds in connection with a  
 23 presidential nominating convention of any political  
 24 party, including funds for a host committee, civic  
 25 committee, municipality, or any other person or enti-

1 ty spending funds in connection with such a conven-  
2 tion, unless such funds—

3 “(A) are not in excess of the amounts per-  
4 mitted with respect to contributions to the po-  
5 litical committee established and maintained by  
6 a national political party committee under sec-  
7 tion 315; and

8 “(B) are not from a sources prohibited by  
9 this Act from making contributions in connec-  
10 tion with an election for Federal office.

11 “(2) EXCEPTION.—Paragraph (1) shall not  
12 apply to—

13 “(A) payments by a Federal, State, or  
14 local government if the funds used for the pay-  
15 ments are from the general public tax revenues  
16 of such government and are not derived from  
17 donations made to a State or local government  
18 for purposes of any convention; and

19 “(B) payments by any person for the pur-  
20 pose of promoting the suitability of a city as a  
21 convention site in advance of its selection, wel-  
22 coming convention attendees to the city, or pro-  
23 viding shopping or entertainment guides to con-  
24 vention attendees.”.

1 (b) PUBLIC FINANCING.—Subsection (d) of section  
2 9008 of the Internal Revenue Code of 1986 is amended  
3 to read as follows:

4 “(d) EXPENDITURES FOR CONVENTIONS.—

5 “(1) IN GENERAL.—The Commission shall not  
6 certify any major party or minor party under sub-  
7 section (g) unless such party agrees that—

8 “(A) expenses incurred with respect to a  
9 presidential nominating convention will only be  
10 paid with payments received under subsection  
11 (a) or with funds that are subject to the limita-  
12 tions, prohibitions, and reporting requirements  
13 of the Federal Election Campaign Act of 1971,  
14 and

15 “(B) the committee will not accept or use  
16 any goods or services related to or in connection  
17 with any presidential nominating convention  
18 that are paid for or provided by any other per-  
19 son.

20 “(2) EXCEPTION.—Paragraph (1) shall not  
21 apply to—

22 “(A) payments by a Federal, State, or  
23 local government if the funds used for the pay-  
24 ments are from the general public tax revenues  
25 of such government and are not derived from

1           donations made to a State or local government  
2           for purposes of any convention, and

3           “(B) payments by any person for the pur-  
4           pose of promoting the suitability of a city as a  
5           convention site in advance of its selection, wel-  
6           coming convention attendees to the city, or pro-  
7           viding shopping or entertainment guides to con-  
8           vention attendees.”.

9   **SEC. 11. DISCLOSURE OF BUNDLED CONTRIBUTIONS.**

10       (a) IN GENERAL.—Section 304(b) of the Federal  
11   Election Campaign Act of 1971 (2 U.S.C. 434(b)) is  
12   amended—

13       (1) by striking “and” at the end of paragraph  
14       (7);

15       (2) by striking the period at the end of para-  
16       graph (8) and inserting “; and”; and

17       (3) by adding at the end the following new  
18       paragraph:

19       “(9) in the case of an authorized committee of  
20       a candidate for President, the name, address, occu-  
21       pation, and employer of each person who makes a  
22       bundled contribution, and the aggregate amount of  
23       the bundled contributions made by such person dur-  
24       ing the reporting period.”.

1 (b) BUNDLED CONTRIBUTION.—Section 301 of the  
2 Federal Election Campaign Act of 1971 (2 U.S.C. 431)  
3 is amended by adding at the end the following new para-  
4 graph:

5 “(27) BUNDLED CONTRIBUTION.—The term  
6 ‘bundled contribution’ means a series of contribu-  
7 tions that are, in the aggregate, \$10,000 or more  
8 and—

9 “(A) are transferred to the candidate or  
10 the authorized committee of the candidate by  
11 one person; or

12 “(B) include a written or oral notification  
13 that the contribution was solicited, arranged, or  
14 directed by a person other than the donor.”.

15 **SEC. 12. EFFECTIVE DATE.**

16 Except as otherwise provided in this Act, the amend-  
17 ments made by this Act shall apply with respect to elec-  
18 tions occurring after January 1, 2006.

○