



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 107<sup>th</sup> CONGRESS, FIRST SESSION

Vol. 147

WASHINGTON, MONDAY, MARCH 19, 2001

No. 36

## Senate

The Senate met at 12 noon and was called to order by the Honorable PAT ROBERTS, a Senator from the State of Kansas.

### PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Lord, on Saturday we joyfully celebrated Saint Patrick's Day. We remember the words with which St. Patrick began his days. We pray them today as our prayer, "I arise today, through God's might to uphold me, God's wisdom to guide me, God's eye to look before me, God's ear to hear me, God's hand to guard me, God's way to lie before me and God's shield to protect me." In Your Holy Name. Amen.

### PLEDGE OF ALLEGIANCE

The Honorable PAT ROBERTS led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

### APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The assistant legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, DC, March 19, 2001.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable PAT ROBERTS, a Senator from the State of Kansas, to perform the duties of the Chair.

STROM THURMOND,  
President pro tempore.

Mr. ROBERTS thereupon assumed the chair as Acting President pro tempore.

### RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

### MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 1 p.m., with Senators permitted to speak therein for up to 10 minutes each.

### ORDER OF PROCEDURE

Mr. SPECTER. Mr. President, I ask unanimous consent that I be permitted to have the first 10-minute block of morning business.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The distinguished Senator from Pennsylvania is recognized.

### SCHEDULE

Mr. SPECTER. Mr. President, before being allotted my 10 minutes, I have been asked by the distinguished majority leader to make the following announcement.

Today, the Senate will be in a period of morning business until 1 p.m. Following morning business, the Senate will begin debate on S. 27, the campaign finance reform bill. Under the agreement, each amendment offered will have up to 3 hours of debate prior to a vote on or in relation to the amendment. Amendments are expected to be offered during today's session. However, any votes ordered will be stacked to occur later today. Senators will be notified as a vote time is scheduled. Members are encouraged to offer their amendments as soon as possible in order to complete the bill in a timely manner.

I thank my colleagues for their attention.

### CAMPAIGN FINANCE REFORM

Mr. SPECTER. Mr. President, I have sought recognition in morning business to reference legislation on campaign finance reform which I originally offered on September 18, 1997, as S. 1191. I refer to it today because there are a number of specific provisions which may form the basis for amendments to S. 27. I wanted to give my colleagues express notice that I might be offering such.

My bill does six things: First, it eliminates soft money; second, defines express advocacy; third, requires affidavits for independent expenditures; fourth, adopts the Maine standby public financing provision; fifth, eliminates foreign transactions which funnel money into U.S. campaigns; sixth, limits and requires reporting of contributions to legal defense funds.

A major portion of debate will occur on the issue of soft money. The Supreme Court of the United States in *Buckley v. Valeo* defined advocacy and issue ads in a way which has been very perplexing and very troubling, and in *Buckley v. Valeo* the Supreme Court said:

In order to preserve the provision against invalidation on vagueness grounds, section 6608(e)(1) must be construed to apply only to expenditures for communications that in express terms advocate the election or defeat of a clearly identified candidate for Federal office.

And then the Supreme Court went on to amplify what express advocacy meant, saying vote for X or vote against X.

There have been decisions which have said that it is not mandatory to have a statement "vote for" or "vote against" in order to satisfy the requirements of express advocacy. It is my view that in the ensuing 25 years we have seen advertisements which were clear cut advocacy ads which did not contain any

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



Printed on recycled paper.

S2421

magic words such as “vote for” or “vote against.” I would give two illustrations—one from the Democratic National Committee and a second from the Republican National Committee in the 1996 Presidential election.

A Democratic National Committee television commercial said:

American values. Do our duty to our parents. President Clinton protects Medicare. The Dole-Gingrich budget tried to cut Medicare \$270 billion. Protect families. President Clinton cut taxes for millions of working families. The Dole-Gingrich budget tried to raise taxes on eight million of them. Opportunity. President Clinton proposes tax breaks for tuition. The Dole-Gingrich budget tried to slash college scholarships. Only President Clinton's plan meets our challenges. Protect our values.

Inexplicably, this has been viewed as an issue ad, but nothing could be clearer on its face than that it advocates the election of then-President Clinton and the defeat of then-candidate Senator Dole.

Then compare a Republican National Committee ad. The announcer comes on and says:

Compare the Clinton rhetoric with the Clinton record.

Then President Clinton comes on in a video tape saying:

We need to end welfare as we know it.

Then the announcer comes back and says:

But he vetoed welfare reform not once but twice. He vetoed work requirements for the able-bodied. He vetoed putting time limits on welfare, and Clinton still supports giving welfare benefits to illegal immigrants. The Clinton record hasn't matched the Clinton record.

Then President Clinton's face comes on and he says on a video tape:

Fool me once, shame on you. Fool me twice, shame on me.

Then the announcer comes on and says:

Tell President Clinton you won't be fooled again.

Here again the other side of the coin—inexplicably interpreted to be an issue ad and not an advocacy ad. In my judgment, Mr. President, those ads clearly constitute advocacy. And when the Supreme Court in *Buckley v. Valeo* said they needed to preserve the act against invalidation on vagueness grounds, I would suggest that what has happened in the intervening 25 years is that advocacy ads may now be defined legislatively. And as Justice Jackson said in one of his famous comments, when there are close issues and there is a congressional declaration, that is weighed very heavily by the Court on the consideration even of constitutional issues. The Supreme Court has ruled in *Buckley v. Valeo* on the critical issue of coordination, saying that when “expenditures are controlled by or coordinated with the candidate and his campaign,” that such control or coordinated expenditures are treated as contributions rather than expenditures.

So the Court said if you have coordination on soft money, it constitutes a

contribution and would be governed by the limitations of the Federal election campaign law. But what has occurred is exactly the opposite. In a 6-0 vote on December 10, 1998, the Federal Election Commission rejected its auditor's recommendation that the 1996 Clinton and Dole campaigns repay \$17.7 million and \$7 million, respectively, because the national committee parties had closely coordinated their soft money issue.

Here we have the Supreme Court saying that where there is coordination, they count, but you have coordination and the rule is flouted by the Federal Election Commission, which again illustrates the need for a modification of what is advocacy, what is coordination, and what ought to be subject to campaign finance limitations.

In *Buckley v. Valeo*, the Supreme Court ruled that:

Even a significant interference with protected rights of political association may be sustained if the State demonstrates a sufficiently important interest and employs means closely drawn to avoid unnecessary abridgment of associational freedoms.

Then the Supreme Court goes on to talk about values to be preserved on the prevention of corruption and the appearance of corruption.

It is obvious at this stage, some 25 years after *Buckley v. Valeo*, with the public indignation as to what has happened with the avalanche of soft money and with the concurrence of much official action in a close time sequence with the avalanche of enormous sums of soft money, so that when the Supreme Court talks about the appearance of corruption, which of course is different from corruption—it is very difficult to prove a bribe, very difficult to prove a quid pro quo to establish the existence of corruption—but when the Court recognizes the “appearance of corruption” as a factor which justifies limitation on speech, then, with the 25 years of experience, it is my view that legislation directed at soft money and directed at a modification of the definitions of advocacy and issue ads would be upheld as being constitutional.

The legislation which I am introducing today with respect to soft money would prohibit the national committees or political parties from soliciting or receiving any contributions not subject to the provisions and caps of the Federal Election Campaign Act and provides further that State party committee expenditures that may influence the outcome of a Federal election may be made only from funds subject to the limitations and prohibitions imposed by Federal law.

The bill requires affidavits for independent expenditures for the individual making the so-called independent expenditure and affidavits from the candidate, the campaign manager, and the campaign treasurer that, in fact, those so-called independent expenditures were not made in coordination with the campaign. There is obviously a great deal more attention paid on individual conduct where that conduct is subject

to an affidavit which is prosecutable under the substantial penalties for perjury. There is continuing suspicion that these so-called independent expenditures are, in fact, not independent.

The Supreme Court, in *Buckley v. Valeo*, has upheld independent expenditures saying that freedom of speech entitles someone to spend as much money as he or she may choose as long as it is not in coordination with the candidate or the campaign. In order to take a significant step forward in ascertaining and ensuring that so-called independent expenditures are really independent, my legislation calls for that kind of an affidavit.

The provision relating to the Maine standby public financing provision is an interesting one, which provides for public funding when an individual spends a phenomenal sum of money for his or her own campaign. It is an open secret that individuals are prepared to spend virtually unlimited sums of money, as illustrated by the past election, or by prior elections. I oppose public financing generally, but it seems to me that where that sort of excessive expenditure is made, there ought to be public financing which would come into play to match that enormous outpouring of an individual's wealth. If public financing were available, it is obvious that the individual wouldn't be inclined to spend all of his or her own money if it were to be matched by public funding. In a day when seats in the Senate are subject to purchase, the Maine standby provision is one which ought to be adopted as a matter of Federal law.

We are about to embark on the consideration of the McCain-Feingold, S. 27, at 1 o'clock. The provision of this legislation which I am submitting now, which, as I say, had been submitted on September 18, 1997, as then S. 1191, contains a number of revisions which are possibilities for my offering as amendments to S. 27. There is no doubt that we are going to become very deeply involved in the constitutional issue on what is an issue ad and what is an advocacy ad and how we deal with soft money.

In the 1996 Presidential elections, the line was blurred beyond recognition between party and candidate activities. There is substantial evidence that soft money was spent illegally during the 1996 campaign by both parties. According to a November 18, 1996, article in *Time* magazine, President Clinton's media strategists collaborated in the creation of a DNC television commercial. The article describes a cadre of Clinton-Gore advisors, including Dick Morris, working side by side with DNC operatives to craft the DNC advertisement which extolled the President's accomplishments and criticized Republican policies. Republicans did the same.

Such cooperation constitutes violation of the Federal Election Campaign Act [FECA] which provides:

Expenditures made by any person in cooperation, consultation, or concert, with, or at the request or suggestion of, a candidate, his authorized political committees, or their agents, shall be considered to be a contribution to such candidate. 2 U.S.C. 441a(a)(7)(B)(1)

Thus, if the alleged cooperation between the Clinton/Gore campaign and the DNC took place, then all of the money spent on those DNC advertisements constituted contributions to the Clinton campaign. Under FECA, such contributions would have to be reported upon receipt and would have to be included when calculating the campaign's compliance with FECA's strict contribution and expenditure limits. The failure to treat the expenditures as contributions would be a violation of FECA, and the knowing and willful failure to treat the expenditures as contributions would be a criminal violation of FECA.

There are indications that the Clinton/Gore campaign advisors did realize they were violating the law at the time. The Time article quotes one as saying, "If the Republicans keep the Senate, they're going to subpoena us."

The content of the DNC and RNC advertisements appears to have violated Federal election law. When an entity engages in issues advocacy to promote a particular policy, it is exempt from the limitation of FECA and can fund these activities from any source. When an entity engages in express advocacy on behalf of a particular candidate, it is subject to the limitations of FECA and is not permitted to fund such activities with soft money. Where the DNC and RNC advertisements did contain express advocacy, and funded these advertisements with soft money, then these committees violated FECA.

The FEC defines "express advocacy" as follows:

Communications using phrases such as "vote for President," "reelect your Congressman," "Smith for Congress," or language which, when taken as a whole and with limited reference to external events, can have no other reasonable meaning than to urge the election or defeat of a clearly identified federal candidate. 11 CFR 100.22

In my judgment, both the DNC and RNC television advertisement crossed the line from issues advocacy to express advocacy. While the DNC and RNC ads did not use the words "Vote for Clinton" or "Dole for President," these advertisements certainly urged the election of one candidate and the defeat of another. For example, the following is the script of a widely broadcast DNC television commercial:

American values. Do our duty to our parents. President Clinton protects Medicare. The Dole/Gingrich budget tried to cut Medicare \$270 billion. Protect families. President Clinton cut taxes for millions of working families. The Dole/Gingrich budget tried to raise taxes on eight million of them. Opportunity. President Clinton proposes tax breaks for tuition. The Dole/Gingrich budget tried to slash college scholarships. Only President Clinton's plan meets our challenges, protects our values.

Does this advertisement convey any core message other than urging us to vote for President Clinton?

The RNC ads similarly crossed the line into express advocacy. The following is the script of a widely broadcast RNC television commercial:

(Announcer) Compare the Clinton rhetoric with the Clinton record.

(Clinton) "We need to end welfare as we know it."

(Announcer) But he vetoed welfare reform not once, but twice. He vetoed work requirements for the able-bodied. He vetoed putting time limits on welfare. And Clinton still supports giving welfare benefits to illegal immigrants. The Clinton rhetoric hasn't matched the Clinton record.

(Clinton) "Fool me once, shame on you. Fool me twice, shame on me."

(Announcer) Tell President Clinton you won't be fooled again.

Similarly, the Democrats, through their shared use of campaign consultants such as Dick Morris for Clinton-Gore 1996 and the Democratic National Committee, crossed the line into illegal contributions on television advertisements.

There has been substantial information in the public domain about the President's personal activities in preparing television commercials for the 1996 campaign. The activity of the President has been documented in a book by Dick Morris and in public statements by former Chief of Staff, Leon Panetta. There is no doubt—and the Attorney General conceded this in oversight hearings by the Judiciary Committee on April 30, 1997—that there would be a violation of the Federal election law if, and when the President prepared campaign commercials that were express advocacy commercials contrasted with issue advocacy commercials.

This bill will end the charade by providing a clear-cut statutory definition of express advocacy wherever the name or likeness of a candidate appears with language which praises or criticizes that candidate.

This bill would put teeth into the law to make independent expenditures truly independent. Current law requires political committees or individuals to file reports quarterly until the end of a campaign and to report expenditures of more than \$1,000 within 24 hours during the final 20 days of the campaign. This legislation would require reporting for independent expenditures of \$10,000 or more within 24 hours during the last 3 months of a campaign. This bill would require the individual making the independent expenditure or the treasurer of the committee making the independent expenditure to take and file an affidavit with the FEC that the expenditures were not coordinated with the candidate or his/her committee. Then, the Federal Election Commission would notify within 48 hours the candidate, campaign treasurer, and campaign manager of that independent expenditure. Those individuals would then have 48 hours to take and file affidavits

with the FEC that the expenditures were not coordinated with the candidate or his/her committees.

Taking such affidavits coupled with the penalty for perjury would be significant steps to preclude illegal coordination.

Anyone who watched the Governmental Affairs hearings in 1997 knows the alarming role of illegal foreign contributions in our 1996 campaigns. This legislation would strengthen the existing law to better prevent transactions which effectively fund domestic political campaigns with foreign financing schemes.

Under current law, it is illegal for a foreign national to contribute money or anything of value, including loan guarantees, either directly or indirectly through another person, in connection with an election to any political office. Knowing and willful violations can result in criminal penalties against the offending parties.

Mr. Haley Barbour's testimony before the Governmental Affairs Committee in 1997 highlights the need to strengthen and more actively enforce the foreign money statute to ensure that foreign nationals do not circumvent this intended prohibition on foreign political contributions. This bill would clarify the law to cover all arrangements from foreign entities through third parties where funds from these transactions ultimately reach a U.S. political party or candidate.

In his testimony, Mr. Barbour acknowledged that the National Policy Forum [NPF], which he headed, received a \$2.1 million loan guarantee in October 1994, from Young Brothers Development, the U.S. subsidiary of a Hong Kong company which provided the money. The loan guarantee served as collateral for a loan NPF received from a U.S. bank. Shortly thereafter, NPF sent two checks totaling \$1.6 million to the Republican National Committee [RNC]. NPF ultimately defaulted on its loan with the U.S. bank and Young Brothers eventually ended up paying approximately \$700,000 to cover the default.

The weak link in the existing law is that many people have argued that the Federal campaign finance law does not apply to soft money. Accordingly, there are those who would argue that the NPF transaction described above would be legal so long as only soft money was involved. We need to make it 100 percent clear that foreign nationals cannot contribute to U.S. political parties or candidates under any circumstances. My bill closes this potential loophole by explicitly stating that the foreign money provisions of the bill apply to all foreign contributions and donations, both soft and hard money.

The decision of the Supreme Court of the United States in Buckley versus Valeo prohibits legislation limiting the amount of money an individual may spend on his/her campaign. Maine recently enacted a statute designed to deal with this issue which provides a model for Federal legislation.

Under the Maine legislation, a voluntary cap is placed on the total amount that candidates can spend during their campaigns for public office. The law further provides that if one candidate exceeds the spending limit, an opponent who has complied with the limit will be given public matching funds in an amount equal to the amount by which the offending candidate exceeded the spending limit. With such matching funds available, it would be a real deterrent to prevent a candidate from exceeding the expenditure cap since that candidate would no longer receive an advantage from his or her additional expenditure. This provision would probably not result in significant public expenditures; and to the extent it did, it would be worth it.

This bill would subject contributions for legal defense funds to limits and mandatory disclosure for all Federal office holders and candidates. Testimony before the Governmental Affairs Committee in 1997 disclosed that Mr. Yah Lin "Charlie" Trie brought in \$639,000 for President Clinton's legal defense fund. While those funds were ultimately returned, there was never any identification of the donors and the fact of those contributions was delayed until after the 1996 election.

Contributions to legal defense funds pose a public policy issue similar to campaign contributions.

This bill would impose the same limits on contributions to legal defense funds which are required for political contributions.

Mr. President, I ask unanimous consent that the legislation I introduced in 1997, along with an executive summary, be printed in the RECORD.

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

S. 1191

(Introduced September 18, 1997)

In lieu of the matter proposed to be inserted, insert:

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the "Senate Campaign Finance Reform Act of 1998".

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

Sec. 1. Short title; table of contents.

**TITLE I—SENATE ELECTION SPENDING LIMITS AND BENEFITS**

Sec. 101. Senate election spending limits and benefits.

**TITLE II—REDUCTION OF SPECIAL INTEREST INFLUENCE**

**Subtitle A—Provisions Relating to Soft Money of Political Party Committees**

Sec. 201. Soft money of political party committees.

Sec. 202. State party grassroots funds.

Sec. 203. Reporting requirements.

**Subtitle B—Soft Money of Persons Other Than Political Parties**

Sec. 211. Soft money of persons other than political parties.

**Subtitle C—Contributions**

Sec. 221. Prohibition of contributions to Federal candidates and of donations of anything of value to political parties by foreign nationals.

Sec. 222. Closing of soft money loophole.

Sec. 223. Contribution to defray legal expenses of certain officials.

**Subtitle D—Independent Expenditures**

Sec. 231. Clarification of definitions relating to independent expenditures.

Sec. 232. Reporting requirements for independent expenditures.

**TITLE III—APPROPRIATIONS**

Sec. 301. Authorization of appropriations.

**TITLE IV—SEVERABILITY; JUDICIAL REVIEW; EFFECTIVE DATE; REGULATIONS**

Sec. 401. Severability.

Sec. 402. Expedited review of constitutional issues.

Sec. 403. Effective date.

Sec. 404. Regulations.

**TITLE I—SENATE ELECTION SPENDING LIMITS AND BENEFITS**

**SEC. 101. SENATE ELECTION SPENDING LIMITS AND BENEFITS.**

(a) **IN GENERAL.**—The Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) is amended by adding at the end the following:

**"TITLE V—SPENDING LIMITS AND BENEFITS FOR SENATE ELECTION CAMPAIGNS**

**"SEC. 501. CANDIDATES ELIGIBLE TO RECEIVE BENEFITS.**

"(a) **IN GENERAL.**—For purposes of this title, a candidate is an eligible Senate candidate if the candidate—

"(1) meets the primary and general election filing requirements of subsections (c) and (d);

"(2) meets the primary and runoff election expenditure limits of subsection (b); and

"(3) meets the threshold contribution requirements of subsection (e).

"(b) **PRIMARY AND RUNOFF EXPENDITURE LIMITS.**—The requirements of this subsection are met if—

"(1) the candidate and the candidate's authorized committees did not make expenditures for the primary election in excess of 67 percent of the general election expenditure limit under section 502(a); and

"(2) the candidate and the candidate's authorized committees did not make expenditures for any runoff election in excess of 20 percent of the general election expenditure limit under section 502(a).

"(c) **PRIMARY FILING REQUIREMENTS.**—

"(1) **IN GENERAL.**—The requirements of this subsection are met if the candidate files with the Commission a certification that—

"(A) the candidate and the candidate's authorized committees—

"(i) will meet the primary and runoff election expenditure limits of subsection (b); and

"(ii) will accept only an amount of contributions for the primary and runoff elections that does exceed those limits; and

"(B) the candidate and the candidate's authorized committees will meet the general election expenditure limit under section 502(a).

"(2) **DEADLINE FOR FILING CERTIFICATION.**—The certification under paragraph (1) shall be filed not later than the date the candidate files as a candidate for the primary election.

"(d) **GENERAL ELECTION FILING REQUIREMENTS.**—

"(1) **IN GENERAL.**—The requirements of this subsection are met if the candidate files a certification with the Commission under penalty of perjury that—

"(A) the candidate and the candidate's authorized committees—

"(i) met the primary and runoff election expenditure limits under subsection (b); and

"(ii) did not accept contributions for the primary or runoff election in excess of the primary or runoff expenditure limit under

subsection (b), whichever is applicable, reduced by any amounts transferred to the current election cycle from a preceding election cycle;

"(B) at least one other candidate has qualified for the same general election ballot under the law of the candidate's State; and

"(C) the candidate and the authorized committees of the candidate—

"(i) except as otherwise provided by this title, will not make expenditures that exceed the general election expenditure limit under section 502(a);

"(ii) will not accept any contributions in violation of section 315; and

"(iii) except as otherwise provided by this title, will not accept any contribution for the general election involved to the extent that the contribution would cause the aggregate amount of contributions to exceed the sum of the amount of the general election expenditure limit under section 502(a), reduced by any amounts transferred to the current election cycle from a previous election cycle and not taken into account under subparagraph (A)(ii).

"(2) **DEADLINE FOR FILING CERTIFICATION.**—The certification under paragraph (1) shall be filed not later than 7 days after the earlier of—

"(A) the date on which the candidate qualifies for the general election ballot under State law; or

"(B) if under State law, a primary or runoff election to qualify for the general election ballot occurs after September 1, the date on which the candidate wins the primary or runoff election.

"(e) **THRESHOLD CONTRIBUTION REQUIREMENTS.**—

"(1) **IN GENERAL.**—The requirements of this subsection are met if the candidate and the candidate's authorized committees have received allowable contributions during the applicable period in an amount at least equal to the lesser of—

"(A) 10 percent of the general election expenditure limit under section 502(a); or

"(B) \$250,000.

"(2) **DEFINITIONS.**—In this subsection:

"(A) **ALLOWABLE CONTRIBUTION.**—The term 'allowable contribution' means a contribution that is made as a gift of money by an individual pursuant to a written instrument identifying the individual as the contributor.

"(B) **APPLICABLE PERIOD.**—The term 'applicable period' means—

"(i) the period beginning on January 1 of the calendar year preceding the calendar year of the general election involved and ending on the date on which the certification under subsection (c)(2) is filed by the candidate; or

"(ii) in the case of a special election for the office of Senator, the period beginning on the date on which the vacancy in the office occurs and ending on the date of the general election.

**"SEC. 502. LIMITATION ON EXPENDITURES.**

"(a) **GENERAL ELECTION EXPENDITURE LIMIT.**—

"(1) **IN GENERAL.**—The aggregate amount of expenditures for a general election by an eligible Senate candidate and the candidate's authorized committees shall not exceed the greater of—

"(A) \$950,000; or

"(B) \$400,000; plus

"(i) 30 cents multiplied by the voting age population not in excess of 4,000,000; and

"(ii) 25 cents multiplied by the voting age population in excess of 4,000,000.

"(2) **INDEXING.**—The amounts determined under paragraph (1) shall be increased as of the beginning of each calendar year based on the increase in the price index determined under section 315(c), except that the base period shall be calendar year 1997.

“(b) PAYMENT OF TAXES.—The limitation under subsection (a) shall not apply to any expenditure for Federal, State, or local taxes with respect to earnings on contributions raised.

**“SEC. 503. MATCHING FUNDS FOR ELIGIBLE SENATE CANDIDATES IN RESPONSE TO EXPENDITURES BY NON-ELIGIBLE OPPONENTS.**

“(a) IN GENERAL.—Not later than 5 days after the Commission determines that a Senate candidate has made or obligated to make expenditures or accepted contributions during an election in an aggregate amount in excess of the applicable election expenditure limit under section 502(a) or 501(b), the Commission shall make available to an eligible Senate candidate in the same election an aggregate amount of funds equal to the amount in excess of the applicable limit.

“(b) ELIGIBLE SENATE CANDIDATE OPPOSED BY MORE THAN 1 NON-ELIGIBLE SENATE CANDIDATE.—For purposes of subsection (a), if an eligible Senate candidate is opposed by more than 1 non-eligible Senate candidate in the same election, the Commission shall take into account only the amount of expenditures of the non-eligible Senate candidate that expends, in the aggregate, the greatest amount of funds.

“(c) TIME TO MAKE DETERMINATIONS.—The Commission may, on the request of a candidate or on its own initiative, make a determination whether a candidate has made or obligated to make an aggregate amount of expenditures in excess of the applicable limit under subsection (a).

“(d) USE OF FUNDS.—Funds made available to a candidate under subsection (a) shall be used in the same manner as contributions are used.

“(e) TREATMENT OF FUNDS.—An expenditure made with funds made available to a candidate under this section shall not be treated as an expenditure for purposes of the expenditure limits under sections 501(b) and 502(a).

**“SEC. 504. CERTIFICATION BY COMMISSION.**

“(a) IN GENERAL.—Not later than 48 hours after an eligible candidate qualifies for a general election ballot, the Commission shall certify the candidate’s eligibility for matching funds under section 503.

“(b) DETERMINATIONS BY COMMISSION.—A determination (including a certification under subsection (a)) made by the Commission under this title shall be final, except to the extent that the determination is subject to examination and audit by the Commission under section 505.

**“SEC. 505. REVOCATION; MISUSE OF BENEFITS.**

“(a) REVOCATION OF STATUS.—If the Commission determines that any eligible Senate candidate has received contributions or made or obligated to make expenditures in excess of—

“(1) the applicable primary election expenditure limit under this title; or

“(2) the applicable general election expenditure limit under this title,

the Commission shall revoke the certification of the candidate as an eligible Senate candidate and notify the candidate of the revocation.

“(b) MISUSE OF BENEFITS.—If the Commission determines that any benefit made available to an eligible Senate candidate under this title was not used as provided for in this title or that a candidate has violated any of the spending limits contained in this Act, the Commission shall notify the candidate, and the candidate shall pay the Commission an amount equal to the value of the benefit.”.

(b) TRANSITION PERIOD.—Expenditures made before January 1, 1998, shall not be counted as expenditures for purposes of the

limitations contained in the amendment made by subsection (a).

**TITLE II—REDUCTION OF SPECIAL INTEREST INFLUENCE**

**Subtitle A—Provisions Relating to Soft Money of Political Party Committees**

**SEC. 201. SOFT MONEY OF POLITICAL PARTY COMMITTEES.**

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 301 et seq.) is amended by adding at the end the following:

**“SEC. 324. SOFT MONEY OF POLITICAL PARTY COMMITTEES.**

“(a) NATIONAL COMMITTEES.—A national committee of a political party (including a national congressional campaign committee of a political party, an entity that is established, financed, maintained, or controlled by the national committee, a national congressional campaign committee of a political party, and an officer or agent of any such party or entity but not including an entity regulated under subsection (b)) shall not solicit or receive any contributions, donations, or transfers of funds, or spend any funds, not subject to the limitations, prohibitions, and reporting requirements of this Act.

“(b) STATE, DISTRICT, AND LOCAL COMMITTEES.—

“(1) LIMITATION.—Any amount that is expended or disbursed by a State, district, or local committee of a political party (including an entity that is established, financed, maintained, or controlled by a State, district, or local committee of a political party and an agent or officer of any such committee or entity) during a calendar year in which a Federal election is held, for any activity that might affect the outcome of a Federal election, including any voter registration or get-out-the-vote activity, any generic campaign activity, and any communication that identifies a candidate (regardless of whether a candidate for State or local office is also mentioned or identified) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

“(2) ACTIVITY NOT INCLUDED IN PARAGRAPH (1).—

“(A) IN GENERAL.—Paragraph (1) shall not apply to an expenditure or disbursement made by a State, district, or local committee of a political party for—

“(i) a contribution to a candidate for State or local office if the contribution is not designated or otherwise earmarked to pay for an activity described in paragraph (1);

“(ii) the costs of a State, district, or local political convention;

“(iii) the non-Federal share of a State, district, or local party committee’s administrative and overhead expenses (but not including the compensation in any month of any individual who spends more than 20 percent of the individual’s time on activity during the month that may affect the outcome of a Federal election) except that for purposes of this paragraph, the non-Federal share of a party committee’s administrative and overhead expenses shall be determined by applying the ratio of the non-Federal disbursements to the total Federal expenditures and non-Federal disbursements made by the committee during the previous presidential election year to the committee’s administrative and overhead expenses in the election year in question;

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

“(v) the cost of any campaign activity conducted solely on behalf of a clearly identified candidate for State or local office, if the candidate activity is not an activity described in paragraph (1).

“(B) FUNDRAISING.—Any amount that is expended or disbursed by a national, State, district, or local committee, by an entity that is established, financed, maintained, or controlled by a State, district, or local committee of a political party, or by an agent or officer of any such committee or entity to raise funds that are used, in whole or in part, to pay the costs of an activity described in subparagraph (A) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

“(c) TAX-EXEMPT ORGANIZATIONS.—No national, State, district, or local committee of a political party shall solicit any funds for or make any donations to an organization that is exempt from Federal taxation under section 501(c) of the Internal Revenue Code of 1986.

“(d) CANDIDATES.—

“(1) IN GENERAL.—Except as provided in paragraph (2), no candidate, individual holding Federal office, or agent of a candidate or individual holding Federal office may—

“(A) solicit or receive funds in connection with an election for Federal office unless the funds are subject to the limitations, prohibitions, and reporting requirements of this Act; or

“(B) solicit or receive funds that are to be expended in connection with any election for other than a Federal election unless the funds—

“(i) are not in excess of the amounts permitted with respect to contributions to candidates and political committees under paragraphs (1) and (2) of section 315(a); and

“(ii) are not from sources prohibited by this Act from making contributions with respect to an election for Federal office.

“(2) EXCEPTION.—Paragraph (1) does not apply to the solicitation or receipt of funds by an individual who is a candidate for a State or local office if the solicitation or receipt of funds is permitted under State law for the individual’s State or local campaign committee.”.

**SEC. 202. STATE PARTY GRASSROOTS FUNDS.**

(a) INDIVIDUAL CONTRIBUTIONS.—Section 315(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(1)) (as amended by section 105) is amended—

(1) in subparagraph (B) by striking “or” at the end;

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following:

“(C) to—

“(i) a State Party Grassroots Fund established and maintained by a State committee of a political party in any calendar year which, in the aggregate, exceed \$20,000;

“(ii) any other political committee established and maintained by a State committee of a political party in any calendar year which, in the aggregate, exceed \$5,000; except that the aggregate contributions described in this subparagraph that may be made by a person to the State Party Grassroots Fund and all committees of a State Committee of a political party in any State in any calendar year shall not exceed \$20,000; or”.

(b) MULTICANDIDATE COMMITTEE CONTRIBUTIONS TO STATE PARTY.—Section 315(a)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(2)) is amended—

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

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following:

“(C) to—

“(i) a State Party Grassroots Fund established and maintained by a State committee

of a political party in any calendar year which in the aggregate, exceed \$15,000;

“(ii) to any other political committee established and maintained by a State committee of a political party which, in the aggregate, exceed \$5,000;

except that the aggregate contributions described in this subparagraph that may be made by a multicandidate political committee to the State Party Grassroots Fund and all committees of a State Committee of a political party in any State in any calendar year shall not exceed \$15,000; or”.

(c) OVERALL LIMIT.—

(1) IN GENERAL.—Section 315(a)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(3)) is amended to read as follows:

“(3) OVERALL LIMIT.—

“(A) ELECTION CYCLE.—No individual shall make contributions during any election cycle that, in the aggregate, exceed \$60,000.

“(B) CALENDAR YEAR.—No individual shall make contributions during any calendar year—

“(i) to all candidates and their authorized political committees that, in the aggregate, exceed \$25,000; or

“(ii) to all political committees established and maintained by State committees of a political party that, in the aggregate, exceed \$20,000.

“(C) NONELECTION YEARS.—For purposes of subparagraph (B)(i), any contribution made to a candidate or the candidate's authorized political committees in a year other than the calendar year in which the election is held with respect to which the contribution is made shall be treated as being made during the calendar year in which the election is held.”.

(2) DEFINITION.—Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by adding at the end the following:

“(20) ELECTION CYCLE.—The term ‘election cycle’ means—

“(A) in the case of a candidate or the authorized committees of a candidate, the period beginning on the day after the date of the most recent general election for the specific office or seat that the candidate seeks and ending on the date of the next general election for that office or seat; and

“(B) in the case of all other persons, the period beginning on the first day following the date of the last general election and ending on the date of the next general election.”.

(d) STATE PARTY GRASSROOTS FUNDS.—

(1) IN GENERAL.—Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 301 et seq.) (as amended by section 201) is amended by adding at the end the following:

“SEC. 325. STATE PARTY GRASSROOTS FUNDS.

“(a) DEFINITION.—In this section, the term ‘State or local candidate committee’ means a committee established, financed, maintained, or controlled by a candidate for other than Federal office.

“(b) TRANSFERS.—Notwithstanding section 315(a)(4), no funds may be transferred by a State committee of a political party from its State Party Grassroots Fund to any other State Party Grassroots Fund or to any other political committee, except a transfer may be made to a district or local committee of the same political party in the same State if the district or local committee—

“(1) has established a separate segregated fund for the purposes described in section 324(b)(1); and

“(2) uses the transferred funds solely for those purposes.

“(c) AMOUNTS RECEIVED BY GRASSROOTS FUNDS FROM STATE AND LOCAL CANDIDATE COMMITTEES.—

“(1) IN GENERAL.—Any amount received by a State Party Grassroots Fund from a State or local candidate committee for expenditures described in section 324(b)(1) that are for the benefit of that candidate shall be treated as meeting the requirements of 324(b)(1) and section 304(f) if—

“(A) the amount is derived from funds which meet the requirements of this Act with respect to any limitation or prohibition as to source or dollar amount specified in paragraphs (1)(A) and (2)(A) of section 315(a); and

“(B) the State or local candidate committee—

“(i) maintains, in the account from which payment is made, records of the sources and amounts of funds for purposes of determining whether those requirements are met; and

“(ii) certifies that the requirements were met.

“(2) DETERMINATION OF COMPLIANCE.—For purposes of paragraph (1)(A), in determining whether the funds transferred meet the requirements of this Act described in paragraph (1)(A)—

“(A) a State or local candidate committee's cash on hand shall be treated as consisting of the funds most recently received by the committee; and

“(B) the committee must be able to demonstrate that its cash on hand contains funds meeting those requirements sufficient to cover the transferred funds.

“(3) REPORTING.—Notwithstanding paragraph (1), any State Party Grassroots Fund that receives a transfer described in paragraph (1) from a State or local candidate committee shall be required to meet the reporting requirements of this Act, and shall submit to the Commission all certifications received, with respect to receipt of the transfer from the candidate committee.”.

(2) DEFINITION.—Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) (as amended by subsection (c)(2)) is amended by adding at the end the following:

“(21) STATE PARTY GRASSROOTS FUND.—The term ‘State Party Grassroots Fund’ means a separate segregated fund established and maintained by a State committee of a political party solely for the purpose of making expenditures and other disbursements described in section 325(a).”.

SEC. 203. REPORTING REQUIREMENTS.

(a) REPORTING REQUIREMENTS.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by section 232) is amended by adding at the end the following:

“(f) POLITICAL COMMITTEES.—

“(1) NATIONAL AND CONGRESSIONAL POLITICAL COMMITTEES.—The national committee of a political party, any congressional campaign committee of a political party, and any subordinate committee of either, shall report all receipts and disbursements during the reporting period, whether or not in connection with an election for Federal office.

“(2) OTHER POLITICAL COMMITTEES TO WHICH SECTION 325 APPLIES.—A political committee (not described in paragraph (1)) to which section 325(b)(1) applies shall report all receipts and disbursements.

“(3) OTHER POLITICAL COMMITTEES.—Any political committee to which paragraph (1) or (2) does not apply shall report any receipts or disbursements that are used in connection with a Federal election.

“(4) TRANSFERS TO STATE COMMITTEES.—Any political committee shall include in its report under paragraph (1) or (2) the amount of any contribution received by a national committee which is to be transferred to a State committee for use directly (or primarily to support) activities described in section 325(b)(2) and shall itemize such amounts to the extent required by subsection (b)(3)(A).

“(5) ITEMIZATION.—If a political committee has receipts or disbursements to which this subsection applies from any person aggregating in excess of \$200 for any calendar year, the political committee shall separately itemize its reporting for such person in the same manner as required in paragraph (3)(A), (5), or (6) of subsection (b).

“(6) REPORTING PERIODS.—Reports required to be filed under this subsection shall be filed for the same time periods required for political committees under subsection (a).”.

(b) REPORT OF EXEMPT CONTRIBUTIONS.—Section 301(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)) is amended by adding at the end the following:

“(C) The exclusion provided in subparagraph (B)(viii) shall not apply for purposes of any requirement to report contributions under this Act, and all such contributions aggregating in excess of \$200 shall be reported.”.

(c) REPORTS BY STATE COMMITTEES.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by subsection (a)) is amended by adding at the end the following:

“(g) FILING OF STATE REPORTS.—In lieu of any report required to be filed by this Act, the Commission may allow a State committee of a political party to file with the Commission a report required to be filed under State law if the Commission determines such reports contain substantially the same information.”.

(d) OTHER REPORTING REQUIREMENTS.—

(1) AUTHORIZED COMMITTEES.—Section 304(b)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(4)) is amended—

(A) by striking “and” at the end of subparagraph (H);

(B) by inserting “and” at the end of subparagraph (I); and

(C) by adding at the end the following new subparagraph:

“(J) in the case of an authorized committee, disbursements for the primary election, the general election, and any other election in which the candidate participates;”.

(2) NAMES AND ADDRESSES.—Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended—

(A) by striking “within the calendar year”; and

(B) by inserting “, and the election to which the operating expenditure relates” after “operating expenditure”.

#### Subtitle B—Soft Money of Persons Other Than Political Parties

SEC. 211. SOFT MONEY OF PERSONS OTHER THAN POLITICAL PARTIES.

Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by section 203) is amended by adding at the end the following:

“(h) ELECTION ACTIVITY OF PERSONS OTHER THAN POLITICAL PARTIES.—

“(1) IN GENERAL.—A person other than a committee of a political party that makes aggregate disbursements totaling in excess of \$10,000 for activities described in paragraph (2) shall file a statement with the Commission—

“(A) within 48 hours after the disbursements are made; or

“(B) in the case of disbursements that are made within 20 days of an election, within 24 hours after the disbursements are made.

“(2) ACTIVITY.—The activity described in this paragraph is—

“(A) any activity described in section 315(b)(2)(A) that refers to any candidate for Federal office, any political party, or any Federal election; and

“(B) any activity described in subparagraph (B) or (C) of section 315(b)(2).

“(3) ADDITIONAL STATEMENTS.—An additional statement shall be filed each time additional disbursements aggregating \$10,000 are made by a person described in paragraph (1).

“(4) APPLICABILITY.—This subsection does not apply to—

“(A) a candidate or a candidate’s authorized committees; or

“(B) an independent expenditure.

“(5) CONTENTS.—A statement under this section shall contain such information about the disbursements as the Commission shall prescribe, including—

“(A) the name and address of the person or entity to whom the disbursement was made;

“(B) the amount and purpose of the disbursement; and

“(C) if applicable, whether the disbursement was in support of, or in opposition to, a candidate or a political party, and the name of the candidate or the political party.”.

#### Subtitle C—Contributions

### SEC. 221. PROHIBITION OF CONTRIBUTIONS TO FEDERAL CANDIDATES AND OF DONATIONS OF ANYTHING OF VALUE TO POLITICAL PARTIES BY FOREIGN NATIONALS.

Section 319 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441e) is amended—

(1) by striking the heading and inserting “PROHIBITION OF CONTRIBUTIONS TO CANDIDATES AND DONATIONS OF ANYTHING OF VALUE TO POLITICAL PARTIES BY FOREIGN NATIONALS”; and

(2) in subsection (a)—

(A) by inserting “or to make a donation of money or any other thing of value to a political committee of a political party” after “office”; and

(B) by inserting “or donation” after “contribution” the second place it appears.

### SEC. 222. CLOSING OF SOFT MONEY LOOPHOLE.

Section 315(a)(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(3)) is amended by striking “contributions” and inserting “contributions (as defined in section 301) to a candidate or donations (including a contribution as defined in section 301) to political committees”.

### SEC. 223. CONTRIBUTIONS TO DEFRAY LEGAL EXPENSES OF CERTAIN OFFICIALS.

(a) CONTRIBUTIONS TO DEFRAY LEGAL EXPENSES.—

(1) PROHIBITION ON MAKING OF CONTRIBUTIONS.—It shall be unlawful for any person to make a contribution to a candidate for nomination to, or election to, a Federal office (as defined in section 301(3) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(3))), an individual who is a holder of a Federal office, or any head of an Executive department, or any entity established on behalf of such individual, to defray legal expenses of such individual—

(1) to the extent it would result in the aggregate amount of such contributions from such person to or on behalf of such individual to exceed \$10,000 for any calendar year; or

(2) if the person is—

(A) a foreign national (as defined in section 319(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441e(b))); or

(B) a person prohibited from contributing to the campaign of a candidate under section 316 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b).

(2) PROHIBITION ON ACCEPTANCE OF CONTRIBUTIONS.—No person shall accept a contribution if the contribution would violate paragraph (1).

(3) PENALTY.—A person that knowingly and willfully commits a violation of paragraph (1) or (2) shall be fined an amount not to exceed the greater of \$25,000 or 300 percent of

the contribution involved in such violation, imprisoned for not more than 1 year, or both.

(4) CONSTRUCTION OF PROHIBITION.—Nothing in this section shall be construed to permit the making of a contribution that is otherwise prohibited by law.

(b) REPORTING REQUIREMENTS.—A candidate for nomination to, or election to, a Federal office, an individual who is a holder of a Federal office, or any head of an Executive department, or any entity established on behalf of such individual, that accepts contributions to defray legal expenses of such individual shall file a quarterly report with the Federal Election Commission including the following information:

(1) The name and address of each contributor who makes a contribution in excess of \$25.

(2) The amount of each contribution.

(3) The name and address of each individual or entity receiving disbursements from the fund.

(4) A brief description of the nature and amount of each disbursement.

(5) The name and address of any provider of pro bono services to the fund.

(6) The fair market value of any pro bono services provided to the fund.

#### Subtitle D—Independent Expenditures

### SEC. 231. CLARIFICATION OF DEFINITIONS RELATING TO INDEPENDENT EXPENDITURES.

Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by striking paragraphs (17) and (18) and inserting the following:

“(17) INDEPENDENT EXPENDITURE.—The term ‘independent expenditure’ means an expenditure that—

“(A) contains express advocacy; and

“(B) is made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.

“(18) EXPRESS ADVOCACY.—

“(A) IN GENERAL.—The term ‘express advocacy’ means a communication that, taken as a whole and with limited reference to external events, makes positive statements about or negative statements about or makes an expression of support for or opposition to a specific candidate, a specific group of candidates, or candidates of a particular political party.

“(B) EXPRESSION OF SUPPORT FOR OR OPPOSITION TO.—In subparagraph (A), the term ‘expression of support for or opposition to’ includes a suggestion to take action with respect to an election, such as to vote for or against, make contributions to, or participate in campaign activity, or to refrain from taking action.

“(C) VOTING RECORDS.—The term ‘express advocacy’ does not include the publication and distribution of a communication that is limited to providing information about votes by elected officials on legislative matters and that does not expressly advocate the election or defeat of a clearly identified candidate.”.

### SEC. 232. REPORTING REQUIREMENTS FOR INDEPENDENT EXPENDITURES.

(a) TIME FOR REPORTING CERTAIN EXPENDITURES.—Section 304(c) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(c)) is amended—

(1) in paragraph (2), by striking the undesignated matter after subparagraph (C);

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting after paragraph (2), as amended by paragraph (1), the following:

“(d) TIME FOR REPORTING CERTAIN EXPENDITURES.—

“(1) EXPENDITURES AGGREGATING \$1,000.—

“(A) INITIAL REPORT.—A person that makes or obligates to make independent expenditures aggregating \$1,000 or more after the 20th day, but more than 24 hours, before an election shall file a report describing the expenditures within 24 hours after that amount of independent expenditures has been made or obligated to be made.

“(B) ADDITIONAL REPORTS.—After a person files a report under subparagraph (A), the person filing the report shall file an additional report each time that independent expenditures are made or obligated to be made aggregating an additional \$1,000 with respect to the same election as that to which the initial report relates.

“(2) EXPENDITURES AGGREGATING \$10,000.—

“(A) INITIAL REPORT.—A person that makes or obligates to make independent expenditures aggregating \$10,000 or more after the 90th day and up to and including the 20th day before an election shall file a report describing the expenditures within 24 hours after that amount of independent expenditures has been made or obligated to be made.

“(B) ADDITIONAL REPORTS.—After a person files a report under subparagraph (A), the person filing the report shall file an additional report each time that independent expenditures are made or obligated to be made aggregating an additional \$10,000 with respect to the same election as that to which the initial report relates.

“(3) CONTENTS OF REPORT.—A report under this subsection—

“(A) shall be filed with the Commission;

“(B) shall contain the information required by subsection (c).”.

(b) AFFIDAVIT REQUIREMENT.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by subsection (a)) is amended—

(1) in subsection (c)(2)(B), by inserting “(in the case of a committee, by both the chief executive officer and the treasurer of the committee)” after “certification”; and

(2) by adding at the end the following:

“(e) CERTIFICATION REQUIREMENTS.—

“(1) COMMISSION.—Not later than 48 hours after receipt of a certification under subsection (c)(2)(B), the Commission shall notify the candidate to which the independent expenditure refers and the candidate’s campaign manager and campaign treasurer that an expenditure has been made and a certification has been received.

“(2) CANDIDATE.—Not later than 48 hours after receipt of notification under paragraph (1), the candidate and the candidate’s campaign manager and campaign treasurer shall each file with the Commission a certification, under penalty of perjury, stating whether or not the independent expenditure was made in cooperation, consultation, or concert, with, or at the request or suggestion of, the candidate or authorized committee or agent of such candidate.”.

## TITLE III—APPROPRIATIONS

### SEC. 301. AUTHORIZATION OF APPROPRIATIONS.

The Federal Election Campaign Act of 1971 is amended—

(1) by striking section 314 (2 U.S.C. 439c) and inserting the following:

“SEC. 314. [REPEALED].”;

and

(2) by inserting after section 407 the following:

### “SEC. 408. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this Act and chapters 95 and 96 of the Internal Revenue Code of 1986.”.

**TITLE IV—SEVERABILITY; JUDICIAL REVIEW; EFFECTIVE DATE; REGULATIONS**  
**SEC. 401. SEVERABILITY.**

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

**SEC. 402. EXPEDITED REVIEW OF CONSTITUTIONAL ISSUES.**

(a) **DIRECT APPEAL TO SUPREME COURT.**—An appeal may be taken directly to the Supreme Court of the United States from any interlocutory order or final judgment, decree, or order issued by any court ruling on the constitutionality of any provision of this Act or amendment made by this Act.

(b) **ACCEPTANCE AND EXPEDITION.**—The Supreme Court shall, if it has not previously ruled on the question addressed in the ruling below, accept jurisdiction over, advance on the docket, and expedite the appeal to the greatest extent possible.

**SEC. 403. EFFECTIVE DATE.**

Except as otherwise provided in this Act, the amendments made by, and the provisions of, this Act shall take effect on January 1, 1999.

**SEC. 404. REGULATIONS.**

The Federal Election Commission shall prescribe any regulations required to carry out this Act not later than 9 months after the effective date of this Act.

THE CAMPAIGN FINANCE REFORM ACT OF  
 1997—EXECUTIVE SUMMARY

1. **Spending Limits on Senate Campaigns.**—The bill imposes the following voluntary limits on the amounts that a candidate can spend in a Senate primary and general election:

*Primary*—67% of the state's general election expenditure limit.

*General*—\$400,000 plus an additional amount based upon the population of each state (with a floor of \$950,000). Under this formula, New York would have a general election expenditure limit of \$3,994,500, Pennsylvania would have a limit of \$2,899,000 and Delaware would have a limit of \$950,000.

2. **Standby Public Financing.**—Similar to the recently-enacted Maine statute, when a candidate exceeds the voluntary spending caps, his qualifying opponent(s) will receive public funding in the amount of the excess. This provisions should act primarily as a deterrent and should not result in significant public outlays.

3. **Soft Money—Political Parties.**—The bill prevents candidates for Federal office from using soft money (i.e. money not subject to the restrictions, caps and reporting requirements of FECA—the Federal Election Campaign Act) to fund their campaigns by doing the following:

Prohibits national committees of political parties (e.g. the DNC and the RNC) from soliciting, receiving or spending soft money.

Prohibits candidates for Federal office from soliciting or receiving soft money.

Prohibits state, district and local committees of political parties from spending or disbursing soft money for any activity that may affect the outcome of a Federal election.

Caps the amount any individual or entity may contribute to state parties for use in Federal elections at \$20,000/year.

4. **Foreign Money.**—The bill clarifies Federal election law to provide that foreign nationals and other foreign entities may not make any contributions to Federal elections. This provision will make clear that the pro-

scription on such contributions applies to soft money as well as hard money contributions.

5. **Clarifying the Definition of Independent Expenditures.**—The bill ensures that “independent expenditures” on behalf of a particular candidate by a third party will be truly independent from the candidate by providing that:

All entities which make independent expenditures relating to a candidate for Federal office will have to sign an affidavit stating whether or not such an expenditure was made in coordination with any candidate.

Within 48 hours of receipt of such a certification, the FEC shall notify the candidate to which the expenditure refers that such expenditure has been made.

Within 48 hours of such notice, the candidate (and his campaign manager and treasurer) will have to submit a signed affidavit stating whether or not the independent expenditure was made in coordination with the candidate.

6. **Donations to Legal Defense Funds.**—The bill seeks to control contributions to legal defense funds—the “first cousin” of campaign contributions—by imposing the following limitations and requirements:

No person can make a contribution of over \$10,000 a year in the aggregate to the legal defense fund of a holder of Federal office or a candidate for Federal office.

A holder of Federal office or a candidate for Federal office that accepts contributions to a legal defense fund must file detailed quarterly reports on such contributions and the identity of the donors with the Federal Election Commission.

Mr. SPECTER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MURKOWSKI. Mr. President, will you advise me of the time available under the special orders?

The ACTING PRESIDENT pro tempore. Under the previous order, the time until 12:30 p.m. was under the control of the Senator from Illinois. However, that time has arrived. Under the previous order, the time until 12:50 p.m. will be under the control of the Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair.

ENERGY

Mr. MURKOWSKI. Mr. President, I call the attention of my colleagues to a release by OPEC on Friday where OPEC indicated it was cutting the production of oil approximately 1 million barrels a day, to approximately 24.2 million barrels a day. This follows a cut in February of 1.5 million barrels a day. I am sure many will not reflect on the significance of this action, but as we go into the summer season, the realization, again, that we are dependent on OPEC warrants a little consideration this afternoon.

Many people forget that in 1973, when we had the Arab oil embargo and the

Yom Kippur war, we were approximately 37 percent dependent on imported oil. Today we are 56 percent dependent on imported oil.

It is not that there is necessarily a shortage of oil in the world, but because of our increased dependence on OPEC and their awareness that they are better off tightening up the supply and keeping the price high, we have seen a rather curious and significant effect associated with our dependence on OPEC and our economy.

What has happened is the OPEC nations have decided it is better to curtail the supply and keep the price high than to continue to produce oil. As a consequence, we are seeing fourth quarter earnings of the Fortune 500 dramatically affected by the cost of energy, and particularly oil. It is estimated that in the last 18 months, one of the major contributors to a decline in our economy, and hence a decline in the stock market, is the cost of energy.

We have seen OPEC operate over the years in a rather undisciplined fashion. That has changed dramatically. Today we see an organized OPEC, a group of countries that actually set a cartel in the sense of setting a price, something that would be inappropriate and subject to antitrust laws in the United States. They got together and decided they were going to maintain a floor and ceiling on the price of oil. That floor was going to be about \$22, and the ceiling was going to be about \$28. So each time the price begins to fall, OPEC reduces its supply. As a consequence, we are seeing oil prices now about \$25 a barrel. About 18 months ago, we were seeing oil prices at \$10 a barrel.

OPEC fears, obviously, any slowdown in economic growth that will lead to an oil glut, so they simply reduce the supply. Any reduction in world supply does affect our economy as well as the world's economy and makes higher prices for energy.

There are those who suggest there might be another OPEC cut on the horizon that might be up to 2 million barrels per day if a continued slowdown in the economy actually prevails.

What does this mean for the American consumer? The Energy Information Agency predicts that prices of gasoline this summer may run from \$1.60 to as high as \$2.10 a gallon for the rest of this year. The reason for that, obviously, is supply and demand: our increasing demand and our increasing dependence on imports.

I indicated we were looking at about 56 percent dependence on OPEC, but it gets worse. The Department of Energy has suggested that by the year 2004 to 2005—somewhere in that area—we will be close to 60 percent dependent. In the year 2010, we will be somewhere in the area of 65 percent dependent.

What we really have to do is begin to spotlight how we can decrease our dependence on imported energy supplies, reduce reliance on foreign oil imports. That is rather amusing to me as we