

# Chapter 8

## Legislative Recommendations

### 1979

In 1976 Congress enacted the fourth major overhaul of campaign financing laws in slightly over four years. During implementation of the 1976 Act, the Federal Election Commission kept a continually updated list of apparent statutory omissions, inadequacies and other problems. This list served as the basis for the Commission's legislative recommendations in its 1976 Annual Report, submitted in March 1977. Several additional recommendations were made in the 1977 Annual Report, submitted in March 1978.

The Commission reiterates its support for its 1976 and 1977 recommendations and includes additional recommendations in this Annual Report. These recommendations seek to bring to Congress' attention provisions of the Act which merit revision.

The Commission has categorized these recommendations into seven separate areas: Simplification; Presidential Elections; Limitations and the Role of the Political Party; Commission Duties, Powers and Authority; Clarification; Corporate and Union Activity and Miscellaneous.

### **Simplification**

The Commission strongly believes that a simple, workable system of campaign financing regulations is achievable. Almost one-half of the Commission's recommendations seek to meet this goal. The 1974 Amendments attempted to reduce the number of reports required to be filed, but in 1976 and 1978 many candidates and committees actually were required to file more reports than previously. Implementation of the following recommendations dealing with reporting would dramatically reduce the number of reports required to be filed. Streamlining of the disclosure provisions of the Act will simplify reporting and maintain a high level of public disclosure.

#### **Principal Campaign Committee Reporting**

The Act requires each candidate to designate a principal campaign committee which must file reports. Since the candidate has a separate reporting obligation many campaigns file two sets of reports. The Commission recommends that candidates should be given two options: either (a) file all reports of receipts and expenditures on a candidate's report and have no committee or (b) designate a principal campaign committee which would compile and file all reports. This change often would reduce by one-half the number of reports required for some campaigns.

#### **Presidential Candidates**

Presidential candidates operating in two or more states should be required to file monthly in an election year and quarterly in a nonelection year, as is the case under current law. For all candidates and committees, the 10-day preelection report should be changed to a 12-day preelection report. For a Tuesday election, the tenth day before an election is a Saturday and reports received usually are not processed and microfilmed until Monday. A 12-day preelection report would be due on Thursday and would substantially increase the period during which these reports are publicly available prior to the election. (Note: appropriate adjustments will be needed in the 48-hour reporting requirements if this recommendation is adopted.)

#### **Congressional Candidates**

During nonelection years, all Congressional candidates and committees should file only two reports, in July and at the end of the year. There should be no dollar threshold for filing these reports. Candidates and committees involved in special elections would file 12-day preelection reports and a 30-day post special general election report.

In election years, Congressional candidates and committees should file 12-day preelection reports, a 30-day post general election report

| Reporting  | Number of Reports Required Two-Year Cycle | Election Year   | Nonelection Year  |
|--|---|---|---|
| <b>A. Current Law</b>  |   |   |   |
| Presidential Candidates  | 16  | Monthly reports.  | Same.   |
| Candidates' Principal Campaign Committees (PCC)  | 24  | Quarterly (if receipts or expenditures are over \$1,000), 10-day pre-election and 30-day post-election (primary and general); year-end. | Quarterly (if over \$5,000); year end.  |
| Multicandidate Committees  | 12-24                                     | Choice of: Quarterly (if over \$1,000), 10-day pre-election and 30-day post-election (all primaries and general), year-end; or monthly. | Choice of: Quarterly (if receipts or expenditures exceed \$1,000), plus pre- and post-election reports if special election involvement, or monthly. |
| <b>B. Recommendations</b>  |   |   |   |
| Presidential Candidates  | 16  | Monthly reports.  | Quarterly reports.  |
| Candidates and PCCs together   | 9   | April 10, July 10, October 10, 12-day pre-election (primary and general), 30-day post-general election, and year-end reports.           | July and year-end reports.  |
| Qualified Multicandidate Committees and National Party Committees                            | 14-24                                     | Monthly reports.  | Choice of: monthly; or July and year-end report (plus pre- and post-election reports if involved in special elections).                             |
| Other Nonparty Committees, Independent Expenditures Filers, State and Local Party Committees | 9   | April 10, July 10, October 10, plus 12-day pre-election (primary and general), 30-day post-general, and year-end reports.               | July and year-end.  |

and quarterly reports in April, July, October and year-end. This reporting scheme would be keyed to the election cycle.

If the principal campaign committee reporting recommendation suggested above is also adopted, the maximum number of reports would be reduced from 24 to nine for Congressional candidates.

#### **Qualified Multicandidate Committees and National Party Committees**

Qualified multicandidate committees and national party committees should be required to file monthly in an election year and during nonelection years should have the choice of either filing monthly or filing in July and year-end (plus pre- and post-election reports if involved in special elections).

#### **Other Filers**

Other nonparty committees, independent expenditure filers and State and local party committees should file July and year-end reports in a nonelection year and during an election year file quarterly, year-end plus 12-day pre- and 30-day post-general election reports.

#### **Candidate Support Statements (2 U.S.C. § 433(b)(9))**

The Act imposes a burdensome requirement on multicandidate committees to report on their registration statements the names and offices of all the candidates they support. Any change in this information must be reported by amendment within 10 days. Some multicandidate committees are required, under this provision, to file amendments almost every 10 days. On occasion, the volume of these reports is so great that public disclosure is impaired. Most importantly, the identical information is contained on the reports of receipts and expenditures of each multicandidate committee. This provision should be repealed.

#### **48-Hour Reports (2 U.S.C. § 434(a))**

The requirement that any contribution of \$1,000 or more received after the 15th day but

more than 48 hours before any election be reported within 48 hours should be eliminated.

In lieu thereof, the Act should require political committees to report within 48 hours any contribution of \$1,000 or more made by that committee to a candidate in the 15 days preceding an election. Transferring this reporting duty to the donor committee would greatly expedite the disclosure of large contributions prior to the election.

#### **Registration Statements (2 U.S.C. § 433(b))**

The law requires political committees to supply information on their Statements of Organization which is not integral to the central goals of the Act. The following provisions do not add sufficient information to the concept of disclosure to warrant retention and should be repealed:

- The requirement that "the area, scope or jurisdiction of the committee" be listed.
- The requirement that the Statement of Organization contain "a statement whether the committee is a continuing one."
- The requirement that committees state "the disposition of residual funds which will be made in the event of dissolution."
- The provision requiring a "statement of the reports required to be filed by the committee with State or local officers, and, if so the names, addresses and positions of such persons."

#### **Election Period Limitations (2 U.S.C. § 441a(a))**

The contribution limitations are structured on a "per-election" basis, thus necessitating dual bookkeeping or the adoption of some other method to distinguish between primary and general election contributions. The Act could be simplified by changing the contribution limitations from a "per-election" basis to an "annual" or "election cycle" basis. There is precedent in the current Act for such an approach in § 441a(h). If an annual limitation is chosen, contributions made to a candidate in a year other than the calendar year in which the election is held should be considered to be made

during the election year. Thus, under present limits multicandidate committees could give up to \$10,000 and all other persons could give up to \$2,000 at any point during the election cycle. Special elections should be treated as a separate "election cycle." Furthermore, since the present limitations were established in 1974, Congress should revise these figures in light of the substantial change in the Consumer Price Index since that time.

#### **State Filing (2 U.S.C. § 439)**

The Act presently requires all candidates and committees to file a copy of each statement filed with the Commission with the Secretary of State or other equivalent State officer. It also imposes certain responsibilities on the Secretaries of State or equivalent officers. The appropriate State officials should be required to keep reports for only three years for House, five years for President and seven years for Senate, instead of the present five and 10-year requirements. The Secretaries of State have expressed more opposition to the report preservation feature of their filing responsibilities than any other. To further reduce the burdens placed on State officials, multicandidate committee reports should be filed only with the Secretary of State or other appropriate State agency in the State in which the committee is headquartered. State officials also have requested that they be reimbursed by the Federal government for costs incurred in receiving, indexing and maintaining these reports.

#### **Point of Entry (2 U.S.C. § 438(d))**

The Commission recommends that it be the sole point of entry for all disclosure documents filed by Federal candidates and committees supporting those candidates. A single point of entry would eliminate confusion about where candidates and committees must file their reports, direct their correspondence and ask questions. At present, conflicts arise when more than one office sends out materials, makes requests for additional information and answers questions relating to the interpretation of the law. A single point of entry would also reduce the govern-

mental costs now associated with the operation of three different offices. Finally, separate points of entry make it difficult for the Commission to track nonfilers and responses to compliance notices. Many responses and/or amendments may not be received by the Commission in a timely manner, even though they were sent by the candidate or committee. The delay in transmittal between two offices sometimes leads the Commission to believe that candidates and committees are not in compliance. A single point of entry would eliminate this confusion.

#### **Written Pledges (2 U.S.C. § 431(e)(2))**

Candidates and committees are required to report all written pledges even if there is no hope of collecting the money. This is mandated by the definition of contribution which includes "a written contract, promise, or agreement, whether or not legally enforceable, to make a contribution." Candidates and committees should be required to keep records of written pledge cards and other similar written instruments, but they need not be reported.

#### **Independent Expenditures by Individuals (2 U.S.C. § 434(e))**

The threshold for the reporting of independent expenditures by individuals and other persons should be increased from \$100 to \$250. The present reporting burden on persons who make relatively small amounts of independent expenditures is not consonant with the purposes of the Act. The higher amount of \$250 would appear to be a more realistic figure as to when independent expenditures begin to have an impact on election campaigns.

#### **Independent Contributions (2 U.S.C. § 434(e))**

Persons who make independent contributions in excess of \$100 are required to file reports with the Commission. An independent contribution is a contribution to a person (other than a candidate or political committee) who makes an independent expenditure. The Commission recommends that independent contributors not be required to report to the Commission.

Instead, persons who file independent expenditure reports should be required to report the sources of any contributions in excess of \$100 which is donated with a view toward bringing about an independent expenditure.

#### **Disclaimer (2 U.S.C. §435(b))**

The disclaimer required on all solicitations of contributions should be shortened to read: "A copy of our report is filed with and is available for purchase from the Federal Election Commission, Washington, D.C." The present disclaimer is redundant and reduces the amount of space or broadcast time used for advertising.

#### **Trade Associations (2 U.S.C. §441b(b)(4))**

Trade association political action committees must obtain the separate and specific approval each year of each member corporation in order to be able to solicit the corporation's executive and administrative personnel. Some trade associations have thousands of members and it is a considerable administrative burden to obtain approval to solicit every year. The one-year time limitation should be removed and the trade association should be allowed to solicit until the corporation revokes its approval.

## **Presidential Elections**

The Federal Election Campaign Act and Presidential Election Campaign Fund Act made sweeping changes in the financing of Presidential elections. Several amendments are needed to improve both of these Acts in advance of the 1980 Presidential election.

#### **Delegate Selection (2 U.S.C. §9032)**

Amendments are needed to delineate the status of delegates and delegate-candidates to Presidential nominating conventions and the applicability of the disclosure provisions and contribution and expenditure limitations to their activities. Congress should consider totally exempting from the Act financial activity in connection with delegate elections. Alternatively, Congress may wish to exempt from the

definition of contribution and expenditure: (a) the payment by a delegate of all travel and subsistence costs incurred in attending caucuses or conventions; and (b) the payment of expenditures incurred by a State or local political party in sponsoring party meetings, caucuses and conventions for the purpose of selecting delegates. Another approach would be to distinguish "authorized" delegates (i.e., persons authorized by a Presidential candidate to raise or expend funds on his behalf) from "unauthorized" candidates. Only authorized delegates would be considered contributors to the Presidential candidate and expenditures by such delegates would be charged against the Presidential candidate's limitations.

#### **Support of Presidential Nominees (2 U.S.C. §9003)**

Congress may wish to clarify to what extent a Congressional candidate may give occasional, isolated or incidental support to the Presidential nominee of his party without such support counting as a contribution in-kind. A publicly financed Presidential campaign is prohibited from receiving any private contributions in the general election. During the 1976 elections, it was unclear under what circumstances a Congressional candidate could mention and support his political party's Presidential nominee.

The brief mention or appearance of the Presidential nominee in newspaper ads or in television or radio ads should not be considered a contribution so long as the purpose is to further the election of the congressional candidate and the appearance is at the initiative of the Congressional candidate.

#### **Compliance Funds (2 U.S.C. §9004)**

The Federal Election Campaign Act Amendments of 1976 specifically exclude from the definition of "contribution" the payment of legal and accounting services by a regular employer to insure compliance with the Federal Election Campaign Act and Chapters 95 and 96 of Title 26 of the Internal Revenue Code. The Commission's Regulations specifically permit a

Presidential campaign to set up a separate account containing private monies to be used for compliance purposes. A major party Presidential candidate receiving full public financing in the general election may not otherwise receive private contributions. In order to insure the integrity of the Presidential general election public financing provisions and to eliminate the need for any private contributions in the general election, the Presidential Election Campaign Fund Act should be amended to provide a block grant of a specified amount for legal and accounting services for each candidate and committee receiving public funds. Similar grants should be considered for candidates who receive matching funds in the primary election.

#### **Presidential Election Campaign Fund** (2 U.S.C. §9006)

Under the current provisions, the Secretary of the Treasury is required to place first priority on funds for convention financing; second priority on funds for general election financing; and third priority on the matching-payment fund. Since the primaries occur before the general election, the Secretary may not have a clear idea of the amount to reserve for the general election. The Secretary may determine that a substantial portion of the entire fund needs to be reserved for a number of possible qualified nominees in the general election, thus denying Presidential primary candidates their full entitlements. On the other hand, the Secretary may make a determination which would not reserve sufficient monies for the general election fund to pay new party candidates who qualify in the general election. Since the amount in the fund is a fixed amount in that it is limited by the number of dollars received as a result of the tax checkoff provision, the Secretary may be faced with a situation where he must risk depleting the general election fund to assure full entitlement for Presidential primary candidates. Under some circumstances, the present system could be unworkable and should be modified either to guarantee full entitlement to all qualified candidates or to eliminate all discretion by the

Secretary and the Commission in determining how to distribute partial entitlements.

#### **Repayments to the Fund (2 U.S.C. §9007)**

In its Regulations, the Commission has attempted to give candidates and committees ample leeway to challenge Commission determinations with respect to the repayment of funds to the Federal Treasury and sufficient time to gather funds to make repayments. These Regulations have generally operated fairly and equitably. However, there have been a few instances where this time period has been used to accrue interest on the amounts which the Commission has determined must be repaid to the Treasury. In order to simplify the repayment procedure the Commission recommends that all surplus funds, regardless of amount, be repaid to the Presidential Election Campaign Fund at the end of a campaign. (Any such repayment requirement should, of course, exclude payments made for tax purposes.) The statute also should be amended to require that any and all interest earned on public monies from savings accounts, government bonds, and other sources be returned to the Fund or the general fund of the Treasury. This latter requirement would insure that Presidential committees do not gain private advantage from funds which the Commission has determined must be repaid to the Fund or the general fund of the Treasury. In addition, while repayments under the Presidential Primary Matching Payment Account Act are made to the Presidential Election Campaign Fund, repayments under the Presidential Election Campaign Fund Act are made to the general fund of the Treasury. All repayments should be made to the Presidential Election Campaign Fund.

#### **Vice Presidential Candidates (2 U.S.C. §441a)**

The Act does not provide a coherent statutory framework for the treatment of Vice Presidential candidates. For example, the campaign depository of the Vice Presidential candidate is considered to be the campaign depository of the Presidential candidate. Yet, the definitions of the "candidate" and "Federal office" differentiate the Presidential candidate from the

Vice Presidential candidate. Thus, the Vice Presidential candidate is required to file disclosure reports separately from the Presidential candidate. In the Presidential general election, expenditures made on behalf of the Vice Presidential candidate are considered to be made on behalf of the Presidential candidate of the same political party and are thus subject to an expenditure limitation. These apparent contradictions should be reconciled.

## **Contributions and Expenditure Limitations and Role of the Political Party**

A systematic, comprehensive, enforceable system of contribution and expenditure limitations was implemented for the first time in the 1976 and 1978 elections. The Commission recommends the following changes in the application of these limitations:

### **Party Activity (2 U.S.C. §441a(d))**

Political parties have a central role to play in the political system. Campaign finance legislation must be carefully drafted to bolster the role of political parties in campaign financing, while preserving the integrity of the various contribution limits. One of the major failures of campaign financing legislation in the 1976 elections was the limited role which it delegated to State and local party committees. Accordingly, the Commission recommends that:

1. State committees of a political party should be allowed to spend the greater of \$20,000 or 2 cents times the Voting Age Population on behalf of the Presidential candidate of the national party. State committees should be allowed to delegate this spending right to subordinate committees.
2. Local and subordinate committees of a State committee should be allowed to distribute campaign materials and paraphernalia normally connected with volunteer activities (such as pins, bumper stickers, handbills, pamphlets, posters and yard signs, but not

billboards, newspapers, mass mailings, radio, television and other similar general public political advertising). These activities would be exempt from the limitations when undertaken on behalf of the Presidential candidate; would be subject to the disclosure provisions; could mention as few or as many candidates as deemed desirable; and would be financed with funds that are not earmarked for a particular candidate.

3. The \$500 exemptions for real and personal property, vendors and travel expenses which apply to candidates should be expanded to apply to political party committees (e.g., the use of real and personal property and the cost of invitations, food and beverages voluntarily provided by an individual to a political party committee should be exempted from the definition of contribution and expenditure up to \$500).
4. The statute should be amended to exempt from the definitions of contribution and expenditure payments made by or on behalf of a candidate or received by a political party committee as a condition of ballot access when these costs or payments are subsequently paid to the State. Currently, candidates make payments to State political party committees to gain access to the ballot and to defray the cost of the elections and these payments count as contributions. If these payments are in excess of \$5,000, the candidate must exceed the contribution limits to gain ballot access.

If the above-mentioned recommendations are adopted, the political parties will be given a strengthened role in the political process and volunteer activities will be encouraged. If the proposed changes are incorporated in the Act, 26 U.S.C. §9012(f) should be repealed.

### **Expenditure Limitations (2 U.S.C. §441a(b))**

The experience of the 1976 elections suggests that the Congress may wish to raise the Presidential spending limitations. The entitlement for Presidential candidates receiving full funding for the general election could be increased substan-

tially up to \$35 million. The increased amount should be set in cognizance of the fact that it will be increased by the Cost-of-Living Adjustment. Similarly, the \$2 million entitlement for the national nominating conventions of the political parties and the \$10 million limitation on candidates seeking nomination for President should be increased.

### **Contribution Limitation Anomalies**

(2 U.S.C. §441a(a))

When structuring an equitable balance in the application of the contribution ceilings, Congress should attempt to rectify two serious anomalies:

1. A national political party committee which is not authorized by any candidate may accept contributions of up to \$15,000 from multicandidate committees and \$20,000 from any other person. However, if the Presidential nominee of the political party designates the national committee as his principal campaign committee, then the national committee is prohibited from accepting contributions in excess of \$5,000 from all persons. Thus, the national committee of a political party is, in effect, prevented from becoming the principal campaign committee of its Presidential nominee.
2. As was noted above, an individual can give a national political party committee up to \$20,000 but a multicandidate committee can give only \$15,000.

### **Multicandidate Committee**

(2 U.S.C. §441a(a)(4))

In order to attain qualified multicandidate committee status (i.e., to be eligible to give \$5,000 per election to Federal candidates), political committees could be required to make contributions of \$100 or some other specified sum to five Federal candidates. Under the present Act, a political committee need give as little as \$1 to four candidates in order to be eligible to give \$5,000 to the fifth candidate, provided all other criteria are met.

### **Contributions by Minors (2 U.S.C. §441a(a))**

The Act does not stipulate at what age a minor child may make contributions. Presently, the Commission is forced to rely on subjective criteria such as whether "the decision to contribute is made knowingly and voluntarily by the minor child." Contributions by minor children under the age of 16 should be considered to have been made by the parent and should be subject to the parent's \$1,000 contribution limitation -- unless the minor child's contributions aggregate \$100 or less per candidate per election or per election cycle.

## **Commission Duties, Powers and Authority**

Several provisions of the Act relating to the Commission's duties, powers and authority need to be modified or clarified.

### **Advisory Opinions (2 U.S.C. §437f)**

Federal officeholders, candidates and political committees are allowed to request advisory opinions regarding compliance with the FECA. However, the Commission is prohibited from giving advisory opinions to other persons. Thus, several classes and groups subject to the provisions of the Act are not allowed to obtain formal guidance from the Commission on questions of interpretation. The Act should be amended to allow any person subject to the provisions of the Act to ask for an advisory opinion.

### **Conciliation Period (2 U.S.C. §437g(a)(5))**

The enforcement provisions of the Act provide for a mandatory 30-day conciliation period. The mandatory conciliation period should be shortened to 15 days to enable the Commission to process complaints more expeditiously and also to prevent the abuse of the mandatory conciliation period for purposes of delaying enforcement action close to the election.

### **Multiyear Authorization (2 U.S.C. §439c)**

The Commission should be given a multiyear



authorization of appropriation in order to increase its ability to engage in long-range planning and on implementation of the law. The present scheme drains valuable staff resources each year in attempts to justify an authorization and frustrates intelligent management of the agency.

**Number of Legislative Days (2 U.S.C. §438(c))**  
The Congress should reduce the requisite 30 legislative days for the review of Regulations to 15 legislative days.

**Definition of Legislative Days (2 U.S.C. §438(c)(4))**  
The definition of "legislative days" should be clarified as to whether it includes only those days on which both Houses are in session or merely those days on which either House is in session.

**Index of Reports and Statements (2 U.S.C. §438(a)(6))**  
The requirement for the Commission to publish in the *Federal Register* a cumulative index of reports and statements filed with it should be repealed. The cost to the taxpayers to publish this index is in the thousands of dollars, with little public benefit. Alternatively, the Commission should be required to compile and maintain a cumulative index of reports and statements and publish in the *Federal Register* a notice of the existence of this index.

**Federal Reports Act (2 U.S.C. §437c)**  
The Federal Election Campaign Act does not exempt the Commission from the requirements of the Federal Reports Act. The Commission is required to submit all forms and other similar materials requesting information from candidates and committees to the General Accounting Office for approval, thus delaying Commission efforts to improve its information retrieval systems. A major goal of the Federal Reports Act is, of course, to prevent duplicative Federal paperwork. Since, however, the Commission is granted exclusive primary jurisdiction over the Federal Election Campaign Act and no other

Federal agencies have responsibility for collecting data in this area, the Commission should be exempt from the requirements of this law. Such an exemption would facilitate Commission efforts to streamline the reporting process and expedite the simplification and development of forms and other similar materials.

**Judicial Review (2 U.S.C. §437h)**  
The Act contains different judicial review provisions which Congress might wish to consider conforming to each other. As noted by the Court of Appeals for the District of Columbia, no apparent reason exists for different review provisions in Chapters 95 and 96 of Title 26. Congress might wish to consider making the provisions of 26 U.S.C. 9011, including the provisions for expedited review of 9011(b), apply to Chapter 96, perhaps making 9040 and 9041 identical to 9010 and 9011. Additionally, Congress might wish to address what the Supreme Court called the "jurisdictional ambiguities" resulting from Title 2 having a totally different expedited review provision (2 U.S.C. §437h) for questions of the constitutionality and construction of the statutory provisions.

## Clarification

**Principal Campaign Committees (2 U.S.C. §432(e))**  
Under the current law, the name of most principal campaign committees identifies the candidate supported. However, in some cases, it is difficult to determine which candidate a principal campaign committee supports. In such cases the committee's name does not contain the candidate's name as, for example, "Good Government Committee" or "Spirit of '76." In order to avoid confusion, the Act should require the name of the principal campaign committee to contain in its name the name of the candidate which designated the committee.

**Separate Segregated Funds (2 U.S.C. §441b)**  
Presently many names of the separate segregated

funds do not contain the name of the sponsoring organization. Consequently, candidates and committees sometimes have great difficulty in ascertaining the source of a PAC contribution if, for example, it comes from "The Good Government Committee." In addition, the press and the public frequently cannot determine the actual source of these contributions. The Act should require a separate segregated fund to contain in its name the name of the sponsoring organization.

#### **Use of Reports (2 U.S.C. § 438(a)(4))**

An exception to the present statute should be made to allow candidates and others to obtain the names and addresses of political committees from reports and statements filed at the Commission.

#### **Candidate Petty Cash Fund (2 U.S.C. § 437b)**

The law currently requires all expenditures to be made through a designated campaign depository, except for petty cash expenses by political committees of \$100 or less. This exemption for petty cash expenses is limited to political committees, but should be expanded to permit candidates to make petty cash expenses.

## **Corporate and Union Activity**

#### **Honoraria (2 U.S.C. § 431(e)(5))**

The Act presently permits corporations and labor organizations to use general treasury money to give honoraria to Federal officeholders who may also be candidates. If the candidates are not Federal officeholders, there is no limit on the amount of the honoraria that may be received. The Commission recommends that corporations and labor organizations be prohibited from giving honoraria to Federal candidates.

#### **Registration/Get-Out-The-Vote**

(2 U.S.C. § 441b(b)(2))

Congress may wish to amend the Act to allow corporations and labor organizations to conduct

nonpartisan registration and get-out-the-vote activities aimed at the general public without sponsorship of a nonpartisan organization so long as the activities are not targeted toward selected groups and so long as the activities merely urge people to register and to vote. Currently, corporations and labor organizations may only participate in such activities if they are cosponsored with and conducted by an organization which does not support or endorse candidates or political parties. The present overly restrictive provision effectively prevents corporations and labor organizations from engaging in any political activity -- such as putting up signs urging the general public to register and vote and paying for public service broadcast spots which merely urge people to vote.

## **Miscellaneous**

#### **Dual Candidacies (2 U.S.C. § 441a)**

Amendments to the law are needed to delineate the status of dual candidacies, and in particular, the applicability of the disclosure provisions and limitations on expenditures by and contributions to persons who are candidates for two Federal offices at the same time, such as:

- a) President and Senate,
- b) President and House of Representatives,
- c) House and Senate,
- d) Delegate and Congress,
- e) Federal and State or local office.

For example, if an individual is simultaneously a candidate for the Senate (where there is no expenditure limitation) and for the Presidency (where there is an expenditure limitation for those candidates accepting public funds) in the same State, are both of his or her campaigns subject to the Presidential spending ceiling for that State or may his or her senatorial campaign spend unlimited amounts of money? Also, if a candidate for Congress (who may not accept contributions in excess of \$1,000 per election -- \$5,000 for a multicandidate committee) is simultaneously an unauthorized delegate-

candidate may he or she accept contributions of \$25,000 from individuals or of unlimited amounts from other persons for the delegate-candidacy or are both campaigns subject to the Congressional ceilings?

#### **Private Benefits (2 U.S.C. §439a)**

Prior to 1972, the law prohibited the purchase of goods or articles the proceeds of which inured to the benefit of a Federal candidate or political committee. (18 U.S.C. §608(b), repealed by the Federal Election Campaign Act of 1971.) Currently, the Act provides that excess campaign funds may be used for any lawful purpose (2 U.S.C. §439a). Congress should reinstate some strict controls on the conversion of political funds to personal use.

#### **Technical Amendments**

The following technical amendments are recommended to clarify the meaning of certain provisions of the Act.

#### **2 U.S.C. §431(e)(5)**

The \$500 exceptions to the definitions of contribution and expenditure occur at the end of the paragraph in 2 U.S.C. §431(e)(5), but occur at the end of each exception or subparagraph in 2 U.S.C. §431(f)(4). These provisions should be made parallel by adopting the method used in 2 U.S.C. §431(f)(4). The phrase "to the extent that the cumulative value" is used in 2 U.S.C. §431(e)(5), but the phrase "if the cumulative value" is used in 2 U.S.C. §431(f)(4). Under one interpretation of the above-mentioned provision, if a person exceeds the \$500 threshold only the amount in excess of \$500 must be disclosed and credited to the limits. On the other hand, in the latter provision, the full amount -- including any sums under \$500 -- must be disclosed. The phrase "to the extent that" should be substituted for "if" in 2 U.S.C. §431(f)(4).

#### **2 U.S.C. §432(e)**

In 2 U.S.C. §432(e)(2), the term "political committee" should read "authorized political

committee" in order to clarify any ambiguity that might exist about which committees file with the principal campaign committee.

#### **2 U.S.C. §433(a)**

The last sentence in 2 U.S.C. §433(a) is no longer needed and should be stricken.

#### **2 U.S.C. §434(b)(12)**

Two provisions of the Act, 2 U.S.C. §434(b)(12) and §436(c), relate to the reporting of debts and obligations. These actions should be consolidated.

#### **2 U.S.C. §437c(f)(2)**

The language relating to the procurement of temporary and intermittent services contained in 26 U.S.C. §9010(a) and §9040(a) should also be placed in 2 U.S.C. §437c(f)(2).

#### **2 U.S.C. §455**

2 U.S.C. §455 was improperly codified and "Title III of this Act" should be stricken each place it occurs and in lieu thereof should be inserted "chapter."

#### **26 U.S.C. §9011(b)(1)**

The term "contrue" in 26 U.S.C. §9011(b)(1) should be "construe."

#### **26 U.S.C. §527(f)(3)**

The cross-reference in 26 U.S.C. §527(f)(3) should be changed from "section 610 of Title 18" to "section 441b of Title 2."

#### **26 U.S.C. §9002**

Chapters 95 and 96 of Title 26 of the Internal Revenue Code contain different definitions of "qualified campaign expense." Chapter 95 defines a "qualified campaign expense" to mean an expense incurred to further the election of a Presidential candidate to Federal office. Chapter 96 defines "qualified campaign expense" to mean an expense incurred in connection with a campaign for nomination to the Office of President. These provisions should be parallel in language to reflect identical meaning.