The original documents are located in Box 9, folder "Federal Election Campaign Act Amendments (3)" of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.

PROPOSED AMENDMENTS TO 18 U.S.C. §608(f)

Amend § 101(a) (18 U.S.C. §608(f)(2)) by striking out the words " not make any expenditure " and inserting in lieu thereof : " make expenditures "; and by striking out the words "which exceeds " and inserting inlieu thereof: "in".

Amend §101(a) (18 U.S.C. §608(f)(3)) by striking out the words " not make any expenditure " and inserting in lieu thereof: " make expenditures"; and by striking out eh words "which exceed " and inserting inlieu thereof: "in an amount equal to -- "

The amended paragraphs would then read as follows:

"(2) The national committee of a political party may make expenditures in connection with the general election campaign of a candidate for President of the United States who is affiliated with such party in an amount equal to 2 cents multiplied by the voting age population of the United States (as certified in subsection (g)). Any expenditure under this paragraph shall be in addition to any expenditure by a national committee of a political party serving as the principal campaign committee of a candidate for President of the United States.

(3) The national committee of a political party, or a State committee of a political party, including any subordinate committee of a State committee may make expenditures in connection with the general election campaign of a candidate for Federal office in a State who is affilliated with such party in an amount equal to --

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

(i) two cents multiplied by the voting age of the State (as certified under subsection (g));or

(ii) twenty thousand dollars; and

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

This amendment will clarify Congress' original intent to expand, not restrict traditional party roles in the political process.

As presently written, § 608(f) contains language which seems to limit the scope of political party activities, specifically excluding any expenditures otherwise permissible under § 608(f) (independent expenditures). That was not our original purpose in exacting § § 608(f)(e), as the Conference Report clearly demonstrates.

Section 608(f) was put in the Bill to "build strong ...." (Fill in), and to recognize party roles in our society. Section 608(e) was an attempt to investigate our conscious encroachments on free speech, and we specifically permitted political parties to award themselves of this ability to express opinions. The Senate Bill had a provision which would have excluded political parties from the group who could make these expenditures, but the Conference Committee dropped that provision. The net result was to give political parties the right to do both: coordinated expenditures and independent expenditures.

Considerations and assumptions concerning the exemption from limitation, subject to allocation under 608(f), of certain party activities which, while benefiting candidates, are undertaken without coordination of any candidate.

1. On-going party expenses not in cooperation with a candidate are presently not subject to limitation, nor are they allocable to any candidate under 608(f), unless beneficial to any candidate.

2. It follows that if such expenses are beneficial, then the "in connection with" language of 608(f) applies and the expenses must be allocated to the candidates to which they are beneficial.

3. Further, as 608(f) is now written (i.e. "Notwithstanding any other provision of law..." national and State committees--and subordinate committees of the latter--"may not make any expenditure in connection with (general election campaigns)...which exceeds"..etc.), national and State committees may not make unlimited 608(e) "independent" (uncoordinated). Of course, this assumes that any expenditure made by a national or state committee is beneficial to candidates, whether or not coordinated, is therefore made "in connection with" etc. and must therefore be considered a "contribution" subject to the limitations of 608(f). (Note that this reasoning seems somewhat strained and is inconsistent with statement 1 above.)

4. If 608(f) is amended so as to permit a reading of 608(e) that would permit national and State committees to undertake "independent" expenditures (i.e. without coordinating with any candidate even though a benefit might accrue), then the "in connection with" language of 608(f) would have to be read as pertaining only to coordinated expenditures which become "contributions" subject to limitation. Therefore, the critical question becomes one of whether or not the expenditure is coordinated, and not whether the expenditure is beneficial.

5. If, however, 608(f) is not amended in a manner to permit a construction of 608(e) that would include national and state committees, the effect would be as stated in 3 above (i.e. any expenditure beneficial to a candidate, whether or not coordinated, is made "in connection with" and must be allocated subject to the prescribed limitations. (Questions: What is the status of admin. expenses and how does this square with Buckley as an expenditure limitation since only coordinated expenses are considered to be contributions validly subject to limitation?)

6. If item 5 occurs, then to permit national and state committees to undertake expenditures for uncoordinated, but beneficial, activities would necessitate an amendment redefining expenditures to exclude such activities therefrom. It would appear that this

could appropriately be accomplished by adding a new subparagraph (4) under 608(f) to the effect that for the purposes of subsec. (f), the term expenditure does not include...etc.

7. If item 4 occurs (i.e. permitting "independent" expenditures), then the amendment would seem inappropriate because its ~~xxxxxx~~ inclusion would say that even if the expenditure was coordinated (which would be the reading of "in connection with" if the "independent" expenditures were permitted), it would not be subject to the 608(f) limitation. Since coordinated expenditures are deemed to be "contributions", the result would be unlimited "contributions".

CONTRIBUTION LIMITATIONS

Present Law

Individuals may give up to $1000 per election to any one candidate. In an ordinary campaign, an individual would be able to give a candidate $1000 in the primary, and another $1000 in the general election. A contributor is limited to $25,000 annually in the total number of contributions which he may make to all federal candidates and committees supporting them.' The individual may give all or any portion of this $25,000 annual limit to a multicandidate committee such as a corporate PAC, a union political fund, or to any state or national committee of a national party. The $1000 limit applies only to those contributions given directly to a candidate or his committee or earmarked for that purpose.

Unearmarked transfers between multicandidate committees are not limited. Committees which support 5 or more federal candidates, are registered for at least six months, and receive contributions from over 50 individuals, may contribute up to $5000 per election to any federal candidate. Committees which fail to meet these requirements are limited to $1000 per election.

Democratic Proposed Changes

I. "No individual shall make contributions to a political committee during any calendar year which, in the aggregate, exceed $1000."

COMMENT: Such a change in the present statute would severely limit the fundraising abilities of state and national committees of political parties. Whereas party committees may now accept up to $25,000 from any

one person, this proposal would cut the limit back to $1000. The flexibility to raise money between $1000 and $25,000 per contributor must be maintained in order to assist party committees in times of financial difficulty. This is best evidenced by the recent problems of the National Republican Committee at the end of 1975. At the brink of insolvency, the RNC was able to get back on its feet largely because of contributions over $1000.

Under this proposal, individuals would still be permitted to give up to $1000 per election to any specific candidate.

II. "No political committee shall make contributions to another political committee during any calendar year which, in the aggregate, exceed $5000."

COMMENT: This amendment is aimed primarily at transfers between and among multicandidate committees. This proposal is unnecessary since the law presently forbids earmarked transfers in excess of any limit on direct contributions. Furthermore, the extensive disclosure requirements will ensure that any such transfers are reported. Existing statutes make it clear that excessive transfers between committees will destroy the independent character and status of the committees. This discourages organizations from proliferating committees for the purpose of circumventing the contribution limit.

Qualified multicandidate committees would still be allowed to contribute up to $5000 per election to a specific candidate.

III. The above changes apply "to contributions made after February 20, 1976."

COMMENT: The effective date of any changes to the contribution limits should be at the very least such date as the amendments become law. An earlier date would raise constitutional problems with respect

to due process.

IV: "All expenditures controlled by or coordinated with the candidate and his campaign shall be treated as contributions to such candidate."

COMMENT: This language is consistent with the Supreme Court decision in Buckley v. Valeo for purposes of distinguishing contributions (which are limited) from "independent expenditures" (which are not limited).

STATEMENTS FILED WITH STATE OFFICERS

Section 309(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. §439(a)) is amended by adding at the end thereof the following subsection:

"(3) for reports by a political committee which supports more than one candidate, that state in which the political committee maintains its headquarters."

ENFORCEMENT

Section 314(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. §437g(a)(1)) is amended by adding at the end thereof the following new sentences:

> "Such person must sign the complaint and swear before a notary public that the allegations contained therein are not known to him to be false. Any person who willfully and falsely files a complaint alleging a violation of this chapter or of section 608, 610, 611, 613, 614, 615, 616, or 617 of title 18, United States Code shall be guilty of perjury under section 1621 of title 18, United States Code."

ENFORCEMENT

Section 314 of the Federal Election Campaign Act of 1971 (2 U.S.C. §437g) is amended by adding at the end thereof the following new subsection:

"(c) The Commission may not accept any complaint nor commence any investigation under subsection (a) until such time as it has prescribed rules of procedure."

EXPENDITURE

Section 201(f)(4)(B) of the Federal Election Campaign Act of 1971 (18 U.S.C. § 591(f)(4)(B)) is amended by adding at the end thereof the following sentence:

> "except that such activities conducted by committees of a political party need not be nonpartisan".

SEPARATE SEGREGATED POLITICAL FUNDS OF CORPORATIONS

I. What corporations are permitted to do under 18 U.S.C. §§ 610 and 611 and the Federal Election Commission's SUNPAC decision (Advisory Opinion 1975-23).

A corporation may use corporate funds to establish and administer a separate, segregated fund (hereinafter "political action committee"). 18 U.S.C. § 610. These corporate funds may also be used to solicit contributions to the corporate political action committee. 18 U.S.C. § 610. This political action committee may solicit monies, using corporate funds for said solicitation, from corporate shareholders and corporate employees. See Advisory Opinion 1975-23. The corporation may exercise control over the operations and activities of its political action committee. In other words, a committee of corporate officers may decide who gets contributions from the political action committee. See Advisory Opinion 1975-23.

A corporation may set up more than one political action committee as long as the political action committees are not controlled by the same persons. For instance, two divisions of a corporation could have their own political action committees if the administrators and decision-makers of the two political action committees were separate and not controlled by one group of corporate officers.

A corporate political action committee could use a payroll checkoff system in raising monies from its employees. This system would be part of the administration of the political action committee and could be paid by corporate funds.

A corporate political action committee may make independent expenditures in an unlimited amount as long as the expenditures were truly independent and not made in collusion with a candidate. Buckley v. Valeo, ___ U.S. _____ (decided January 29, 1976). A corporate political action committee may contribute $5,000 to any candidate in any election (i.e. $5,000 in the primary election and $5,000 in the general election). 18 U.S.C. § 608(b)(2).

II. Changes Proposed by the House Bill and the Senate bill which was marked up on February 20, 1976.

A corporation will still be permitted to use corporate funds to establish and administer a political action committee as well as to solicit contributions to said committee. However, a corporation may not solicit contributions to its political action committee from any individual who is not a stockholder or officer of the corporation. See Section 106(a)(2) of the proposed Senate bill. If a corporation permits its shareholders or officers to make

their contributions to its political action committee by means of payroll withholding than it must provide a system of payroll withholding for its employees who wish to contribute to the political action committee of their labor union. See Section 106(a)(3) of the proposed Senate bill.

A subsidiary or a division of a corporation will not be permitted to set up a separate political action committee if the corporation already has such a committee. Subsidiary and division are not defined in the proposed bill so a broad interpretation could be used by an enforcement body. For example, a large holding company may set up a political action committee but one of its major subsidiaries could be prohibited from setting up its own committee. See House bill.

A political committee will be prohibited from transferring more than $5,000 to another political committee which is not an authorized committee of a candidate. See Section 105(a)(1) of the proposed Senate bill. Under the present statute, unlimited sums of money may be transferred between multi-candidate political committees. An individual will be prohibited from contributing more than $1,000 to a political committee, which is not authorized to receive contributions on behalf of a candidate, in any calendar year. See

Section 105(a)(1) of the proposed Senate bill. Presently, an individual may contribute no more than $25,000 to an unauthorized political committee.

ELIMINATING ALLOCATION REQUIREMENTS FOR OFFICIAL PARTY PUBLICATIONS

Amend section 102(d) of the Federal Election Campaign Act of 1971 (18 U.S.C. 591 (f)(4)) by adding the following new subparagraph:

"(J) the costs of preparation, publication, or distribution of any official publication by a political party to its members."

OR

by striking the comma after the word "stockholders" in subparagraph (C) of section 591(f)(4) of Title 18 and inserting the following:

"except for the national or State committees of a political party,"

At present, costs relating to the preparation and distribution of official political party publications must be allocated among candidates in a general election and are subject to the limitations of 18 U.S.C. 608(f). This construction is required by the language of section 608(f)(2), (3)--"in connection with the general election campaign of a candidate..."--add the assumption that any material prepared relative to a candidate must be done with his cooperation.

The proposed alternate amendments would permit such costs to be incurred without requiring an allocation among candidates. A political organization, just as a membership organization or a corporation, should be able to disseminate information about its activities freely without being restricted by the cumbersome and almost impossible administrative task of allocating expenses.

Supporting information concerning proposed amendment to eliminate $25,000 individual contribution ceiling relative to defraying costs in connection with the acquisition of office facilities by on-going, multi-candidate committees.

A. Arguments for --

1. See U.S. Code Congressional and Admin. News, Vol. 11, 93rd Cong., 2d Sess., pp. 5031, 5032, 5050-5052 (these pages are peculiar to office copy of this document) wherein the original Senate bill (S. 3044, 93rd Cong.), sections 202(a)(3)-(7) stipulated that the words "contributions" and "expenditures" were to encompass the financing of the operations of a political committee. The conscious deletion of this language from the conference substitute lends support to the propositions that not only should such costs not be allocable to candidates, subject to the limitations of 18 U.S.C. 608(f), but that monies, etc. transferred to political committees to defray such costs should not be subject to limitation. The gist of these propositions is that such costs do not come within the intent of the "for the purpose of influencing elections" language, unless such language is given the narrowest construction. Of course, this must be qualified by the observation that this interpretation will be most true in the case of on-going party operations, but will become less persuasive the more temporary the operation of a political committee is (e.g. set up for the purpose of a particular election only.).

The proposed amendment, however, limited as it is to the acquisition of office facilities for on-going 608(b)(2) political committees, is considered to be less expansive than the above construction since "contributions" for the purpose of defraying administrative-type expenses, while not allocable to candidates under 608(f) limits, would remain subject to the $25,000 individual contribution ceiling.

2. "Contributions" received for the limited purposes specified are not among the kinds of transactions that were the focal point of concern; namely, direct contributions to candidates or "expenditures" that were made by individuals but in cooperation with a candidate or his campaign.

In other words, the greater the gap between the contribution of an individual and a particular candidate, the smaller the risk that such contributions might have a controlling or corrupting influence over such candidate. The gap here is, of course, the interposition of the multi-candidate committee between the donor and the candidate(s) with the further insulating limitation that monies, etc. received for the purposes specified are, at best, only remotely related to "influencing elections" of particular candidates.

AMENDMENT TO ELIMINATE INDIVIDUAL "CONTRIBUTION" CEILING FOR ACQUIRING ON-GOING, MULTI-CANDIDATE COMMITTEE OFFICE FACILITIES
18 U.S.C. 591(e)(5)*

Amend section 591(e)(5) of Title 18, United States Code, by inserting after subparagraph (E) the following new subparagraph:

"(F) a gift, subscription, loan, advance, or deposit of money or anything of value to a political committee (as that term is defined in section 608(b)(2) of Title 18) for the purpose of defraying costs incurred with respect to constructing, leasing or renting office facilities which are not acquired in connection with the election of candidates for a particular election."

At present, any gift, subscription, loan, advance, or deposit of money or anything of value transferred to a multi-candidate committee is subject to the $25,000 aggregate contribution limitation for individuals in any calendar year regardless of whether the transfer is made with respect to an election or for general purposes however remotely related to the election of any particular candidate.

This amendment, while eliminating the ceiling on "contributions" and thereby enabling on-going, multi-candidate committees to acquire office facilities, will facilitate the organization and operation of on-going parties without sacrificing Congress' paramount interest in controlling the abuses of direct contributions, or "expenditures" made in cooperation with a candidate or his campaign.

* Is there any need to make a parallel amendment of 2 U.S.C. 431(e)(5)--section 301(e)(5) of the Federal Election Campaign Act of 1971--relating to definitions?

3. Finally, the Congress has acknowledged (see U.S. Code Congressional and Admin. News, Vol. 11, 93rd Cong., 2d Sess., p. 4991; also S.Conf. Rept. 93-1237, pp. 51, 52--relating to contributions from each level of a party organization) that a vigorous party system is vital to elective politics.

The pooling of resources and consequent diffusion of the impact of a contribution as between a donor and particular candidates is viewed as preferable to direct contributions and the abuses ~~xxxx~~ associated with such contributions which underly the government's compelling interest in regulating various aspects of campaign financing.

(Note: more support for this argument may be found in Buckley v. Valeo as to a rational basis for any challenges on grounds of discrimination and equal protection.)

B. Arguments against --

1. 5th and 14th Amendment challenges with respect to political committees that do not satisfy the requirements of 608(b)(2) and by committees that do meet the requirements but which would not come within the terms of the amendment because the acquisition of facilities is in connection with a particular election; i.e. temporary.

(Note: more research would have to be done with respect to responding to any questions raised in this regard.)

2. "...not acquired in connection with the election of candidates for a particular election" could pose problems as to intent, but there is no reason why an adequate standard could not be developed by regulation.

3. Interpretations by the Federal Election Commission contained in AO's 1975-4 and 1975-74 clearly militate against the position embodied in the proposed amendment, but importantly, the FEC was construing language that did not lend itself to a more expansive reading with respect to the $25,000 individual contribution ceiling.

C. Considerations in drafting the amendment --

1. It appears that the amendment as proposed would accomplish the objective sought without amendments of any other sections of the Act; e.g. a parallel exclusion under the definition of expenditures (18 U.S.C. 591(f)(4)), or an addition to 18 U.S.C. 608(f) dealing with exceptions for national and State Committees. (Note possible exception: definitions per 2 U.S.C. 431(e)(5))

This statement is based on the following assumptions:

a. That by reason of the type of expenditure on the part of the committee (i.e. not for the purpose of influencing the election of any candidate and made without the coordination of any candidate), there is no limitation on the amount the committee may spend nor would any allocation among candidates under 608(f) limitations be required; and

b. That the language "for the purpose of influencing the nomination for election, or election of any person to Federal office..." is reasonably interpreted as referring to a particular election and a particular candidate (contra FEC's position in AO 1975-4); and

c. That the language of the amendment may fairly be read as encompassing only those situations in which the acquisition of office facilities can be said to be little more than a remote benefit to any candidate in a particular election. Otherwise (i.e. as the benefit becomes more direct, such as where the committee is organized only for a particular election), there is diminishing persuasiveness in the arguments for the proposition that the proscriptions relative to direct contributions or "expenditures" in cooperation with a candidate should not apply to the situations addressed by the amendment. Additionally, as the benefit becomes more direct, a committee would be more apt to come under the limitations of 608(f) requiring allocations among candidates.

2. In the absence of more definitive research on possible 5th and 14th Amendment challenges, it was believed that the amendment as drafted would be less of a sore thumb by not specifically addressing itself to national and State committees.

3. As a result of the preceding paragraph, no attempt was made to include other types of "party functions" unrelated to Federal election activities.

This also raises the thought that the objective of the amendment is to eliminate the individual contribution limit of $25,000 in any calendar year where monies, etc. are transferred for the limited purposes specified in the amendment.

It is another matter to deal with "expenditures" for party functions such as would not have to be allocated among candidates for purposes of computing 608(f) limits.

C.L.

DRAFT

MEMORANDUM FOR

FROM:

SUBJECT: Reconstitution of the Federal Election Commission (FEC)

Wayne Hays has now announced the outline of a bill that he will support to reconstitute the FEC and make certain other changes in the Federal election laws. Unlike your proposal to the Congress, the Hays bill would reconstitute on a permanent basis the FEC and would not assure later consideration of the election reform measures.

There are two features of this bill which are objectionable, (1) relating to the one House Congressional veto of Commission regulations and (2) limiting the corporate political action committees by preventing them from soliciting voluntary contributions from non-management employees.

One-House Veto

Although similar to the provisions in the present law relating to one-House veto, to which you noted your constitutional objections in your recent message to the Congress on reconstitution of the FEC, this provision clearly attempts to re-establish the right of Congress to

veto otherwise valid regulations of an executive agency. This must be considered in relation to measures currently pending in Congress that would permit one House of Congress to veto any regulation promulgated by an executive agency. While we could not justify a veto of the Hays bill for this reason, any discussions with the Congress should indicate the Constitutional infirmity of this process.

Limitation on Corporate Political Action Committees

Last November, the FEC authorized the formation of corporate political action committees and allowed them to collect voluntary contributions from share holders and all employees. Hays' proposal would prohibit these corporate PAC's from collecting from non-management employees. This provision was apparently worked out last week by Hays, DNC Chairman Strauss and Labor representatives and further enhanced the advantages given to Labor in the Federal Election Campaign Act. While the effect of your campaign would be limited, such a provision would give an overwhelming advantage to candidates supported by Labor and would assure the further weakening of the Republican minority in Congress.

Since the FEC decision to permit PAC's, it is estimated that there are now 100 corporate PAC's at this time and many more in the process

of formation. The Hays bill would appear to limit both present and future PAC's with respect to this election.

We believe that your opposition to this measure should be stated firmly to the Hill, perhaps in letters from you to Congressional leaders. It should be challenged on the basis that it is not campaign reform at all, but a provision to blatantly favor one special interest group and to weaken the two-party system. Furthermore, it should be characterized as disrupting the current election process in bringing new uncertainty just as the Primaries are beginning.

In order to justify a veto of a bill that includes reconstitution of the FEC, any message should include your willingness to accept nothing short of reconstitution of the FEC. Since your only leverage is with respect to the need of all Presidential candidates for public funding, the only possibility for having a veto viewed in a favorable light is signalling your unwillingness to accept interim certification authority without an independent commission to enforce the election laws.

w/ one year grace

JB:

I The Federal Election Commission

(1) Amend 2 USC section 437 (c) to provide for Presidential appointment for members of the Commission.

(2) Amend Section 437 to provide to the maximum extent feasible that all matters arising out of or relating to the regulation of political campaigns shall be with the (exclusive) primary jurisdiction of the Commission. *Nothing herein above precludes House & Senate action* — *Brademas: prohibit FEC from regs under 18 USC*

(3) Amend Section 437 (g) to prohibit the Commission from making investigations on the basis of anonymous complaints. *18 USC*

(4) Amend Section 437 (g) to require the Commission to attempt to correct every violation through a process of conciliation and to provide that where a conciliation agreement is reached no civil or criminal proceedings may be initiated.

(5) Amend Section 437 (f) to require the Commission to reduce advisory opinions of general applicability to regulation form within 30 days of issuance. *Orders FEC to issue certain regs* — *analogous to declaratory judgment rulemaking / adjudication*

(6) Amend 437 (f) to provide that an investigation can be authorized a civil proceeding initiated, and a matter referred to the Justice Department only by a majority of the entire Commission, and not by a majority of the quorum. *437c(c) pg 18*

II Regulation of Independent Expenditures

(1) Amend 2 USC Sections 434 (b) and (c) to require non-candidate political committee and individuals to provide full reports on independent expenditures. *Already required if expenditure is over $100*

(2) Amend 18 USC Section 608 (b) (4) to provide that expenditures made in cooperation with a candidate shall be considered a contribution to the candidate and that an expenditure to republish a candidate's campaign material shall be considered a contribution to a candidate.

(3) Amend 18 USC Section 612 to provide that mass media communications shall clearly and ~~concisely~~ conspicuously state whether the communication is authorized by a ~~candidate~~ candidate and if it is not authorized the name of the person who made or financed the expenditure.

III Regulation of Contributions

(1) Amend 18 USC Section 608 (b) (1) to limit individuals to contributions of no more than $1,000 in a calendar year to any political committee and ~~Amend~~ Section 608 (b)(2) to limit contributions by a political committee to another political committee to $5,000 in a calendar year.

(2) Amend 18 USC Section 608 (b) to provide a $5,000 limitation applicable to all the political committees established by any corporation, union, partnership, etc. and its subsidiaries, branches, divisions etc., subject to the ~~regulation~~ limitation that this restriction would not prohibit transfers between political committees of funds jointly raised and would not apply to the National and State Committees of political parties.

(3) Make a conforming change in 18 USC Section 591 (e) (5) which defines the term contribution to assure that the activities excluded from Title 18 through the exceptions to the term expenditure are not reintroduced into that Title because the same exceptions are not

are not made to the term contributions.

IV The Sunpac Decision

Amend 18 USC Section 610 to provide that corporations and their political committees can ~~not~~ only solicit stock holders and executive officers, and that union and their political committees can only solicit members, and to provide that if an employer permits executive officers to make a voluntary check off in favor of a corporate political committee it must permit union members to make a voluntary check off in favor of a union political committee.

Q would a basic tax revision help deficit?

Q in Clergy material proposed Hatfield Bill regs sent into neighborhood organizations to reduce fed concentration what do think of the concept?

Q how do we get control over budget seem to be such high fixed costs

Q were you in favor of Nixon's impoundment of funds?

Q Pres Ford announced that 3/4 of budget was uncontrollable Should we assume a cash freeze

Q Leary of decentralizing the govt States have shown unwillingness to respond to social welfare Comment?

Amendment to 18 U.S.C. § 610

[The third and fourth paragraphs of 18 U.S.C. § 610 to be amended by the addition of the underscored language]

For the purposes of this section "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exist for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work. For the purposes of this section "corporation" includes any trade ~~or~~ industry or professional organization or association whose members include one or more corporations, and such organizations shall have the same rights of communication and solicitation with respect to stockholders and employees of their member corporations as such corporations have with respect to their own stockholders and employees under this section.

As used in this section, the phrase "contribution or expenditure" shall include any direct or indirect payment distribution, loan, advance, deposit, or gift of money, or

any services, or anything of value (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any election to any of the offices referred to in this section; but shall not include communications by a corporation to its stockholders and those employees who are not members of the union recognized for collective bargaining purposes, supervisory and managerial employees, and their families or by a labor organization to its members and their families on any subject; nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders and those employees who are not members of the union recognized for collective bargaining purposes, supervisory and managerial employees, and their families; the establishment, administration, and solicitation of contributions to a separate segregated fund, to be utilized for political purposes, from its stockholders, supervisory, and managerial employees by a corporation or from its members by labor organization: Provided, That it shall be unlawful for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical

force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a condition of membership in a labor organization or as a condition of employment, or by monies obtained in any commercial transaction.

Amendment to 18 U.S.C. § 610

[The third and fourth paragraphs of 18 U.S.C. § 610 to be amended by the addition of the underscored language]

For the purposes of this section "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and which exist for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work. For the purposes of this section "corporation" includes any trade or industry organization or association whose members include one or more corporations, and such organizations shall have the same rights of communication and solicitation with respect to stockholders and employees of their member corporations as such corporations have with respect to their own stockholders and employees under this section.

As used in this section, the phrase "contribution or expenditure" shall include any direct or indirect payment distribution, loan, advance, deposit, or gift of money, or

any services, or anything of value (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any election to any of the offices referred to in this section; but shall not include communications by a corporation to its stockholders, supervisory and managerial employees, and their families or by a labor organization to its members and their families on any subject; nonpartisan registration and get-out-the-vote campaigns by a corporation aimed at its stockholders, supervisory and managerial employees, and their families; the establishment, administration, and solicitation of contributions to a separate segregated fund, to be utilized for political purposes, from its stockholders, supervisory, and managerial employees by a corporation or from its members by labor organization: Provided, That it shall be unlawful for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical

force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a condition of membership in a labor organization or as a condition of employment, or by monies obtained in any commercial transaction.

EXPLANATION

The purpose of these amendments is to clarify in two respects the 1974 Amendments to the Federal Election Campaign Act:

(1) These amendments make it clear that a corporation is entitled to bear the expense of certain kinds of communications with and solicitations from its stockholders and supervisory and managerial employees, but that a corporation may not bear the expenses of such communications and solicitations with respect to other types of employees or the general public. This amendment is designed to limit the Federal Election Commission's decision in SunPac which had authorized corporations to pay the expenses of such communications and solicitations for all types of employees. This amendment strikes a better balance between the interests of corporations and of

labor unions by limiting corporate payments of expenses to those relating to stockholders and supervisory and managerial employees and by limiting labor organization payments of expenses to those relating to members.

(2) These amendments further make it clear that an industry or trade association or organization is given the same rights with respect to the stockholders and supervisory and managerial employees of its member corporations as the corporations themselves have with respect to their own stockholders and supervisory and managerial employees. Under the previous law, it was unclear whether a trade association which established a separate segregated fund could bear the expenses of solicitations to the fund from stockholders and supervisory and managerial employees of the association's member corporations. Under the present amendment, an industry association may use funds contributed by its members for

expenses of establishment, administration, and solicitation of a separate segregated fund which seeks contributions from the stockholders and supervisory and managerial employees of the member corporations.

DIGEST OF SENATOR PELL'S PROPOSED FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1976, SUBMITTED TO THE SUBCOMMITTEE ON PRIVILEGES AND ELECTIONS

February 20, 1976

This proposed bill would amend the Federal Election Campaign Act of 1971, as amended in 1974, as follows:

Title I of Proposed Bill

(1) A six-member Federal Election Commission is created to be appointed by the President, by and with the advice and consent of the Senate, no more than three of whom shall be affiliated with the same political party.

(2) The Secretary of the Senate and the Clerk of the House are not included as ex officio non-voting members because of doubts as the the constitutionality of such appointments.

However, a provision will require that the Commission consult on a regular basis with the Secretary and the Clerk with regard to the Commission's administration of the Federal Election Campaign Act.

(3) There are a number of technical provisions to provide for an efficient transfer and to carry over the status of matters, as they existed prior to the transfer.

(4) The bill would require candidates and committees to keep records of contributions in excess of $100 only, eliminating the present requirements to keep records of contributions in excess of $10.

(5) The Bill would authorize an appropriation of $8,000,000 for fiscal year ending June 30, 1976, $2,000,000 for the period from July 1, 1976 to September 30, 1976, and $8,000,000 for fiscal year ending September 30, 1977.

(6) The Bill provides to the maximum extent feasible, that all matters arising out of or relating to the regulation of political campaigns shall be with the exclusive primary jurisdiction of the Commission.

(7) The Bill would require the Commission to attempt to correct every violation through a process of conciliation and provide that where a conciliation agreement is reached, no civil or criminal proceedings may be initiated.

(8) The Bill requires the Commission to reduce advisory opinions of general applicability to regulation form, within 30 days of issuance.

(9) The Bill provides that an investigation can be authorized, a civil proceeding initiated, and a matter referred to the Justice Department only by a majority of the entire Commission, and not by a majority of a quorum.

(10) The Bill requires full disclosure of independent expenditures.

(11) The Bill would provide that expenditures made in cooperation with a candidate shall be considered a contribution to the candidate to conform to Buckley v. Valeo.

(12) The Bill would provide that mass media communications shall clearly and conspicuously state whether the communication is authorized by a candidate; if it is not authorized, the name of the person who made or financed the expenditure.

(13) The Bill limits individuals to contributions of no more than $1,000 in a calendar year to any political committee and limits contributions by a political committee to another political committee to $5,000 in a calendar year.

(14) The Bill provides that corporations and their political committees can only solicit stock holders and executive officers, and that unions and their political committees can only solicit members. It also provides that if an employer permits executive officers to make a voluntary check-off in favor of a corporate political committee, it must permit union members to make a voluntary check-off in favor of a union political committee.

Title II of Proposed Bill

This Title is based on Senate Bill 2718, introduced on November 10, 1971, by Senator Pell, with technical provisions to ensure compatibility with the administrative provisions of existing law providing for matching funds for Presidential primary elections.

(1) This Title provides for public financing of Senate and House elections with matching funds for both primary and general elections after January 1, 1977, based on contributions of $100 or less, with a $10,000 threshold for Representatives and $25,000 for Senators (i.e., one would have to receive $100 from 250 people to qualify).

(2) Matching funds will be based on 50% of the candidate's expenditure limitation, as set forth in existing law. (i.e., 12¢ per voter or $150,000, whichever is greater, for general elections). If matching funds are accepted,

a candidate must abide by the expenditure limits.

(3) Funding would come from an excess of the Presidential Fund, if any, and then from appropriations.

(4) There is a penalty of $50,000 or imprisonment for not more than five years for an intentional violation of the provisions of this Title. (This is the same as S.2718, as well as S.3044, which was adopted by the Senate on April 11, 1974, by a roll call vote of 53-32, except that it provides that a violation must be intentional).

A BILL

To establish the offices of members of the Federal Election Commission as officers appointed by the President, by and with the advice and consent of the Senate, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Federal Election Campaign Act Amendments of 1976.

SEC. 2(a). The text of paragraph 1 of section 310(a) of the Federal Election Campaign Act of 1971 (hereinafter "the Act) (2 U.S.C. 437c(a)) is amended to read as follows:

"There is established a Commission to be known as the Federal Election Commission. The Commission is composed of 6 members, appointed by the President, by and with the advice and consent of the Senate. No more than three of the members shall be affiliated with the same political party."

(b)(1) Subparagraph (A) and subparagraph (D) 310(a)(2) of the Act (2 U.S.C. 437c(a)(2)(A), 437c(a)(2)(D)) each are amended by striking out "of the members appointed under paragraph (1)(A)".

(2) Subparagraph (B) and subparagraph (E) of section 310(a)(2) of the Act (2 U.S.C. 437c(a)(2)(B), 437c(a)(2)(E)) each are amended by striking out "of the members appointed under paragraph (1)(B)".

(3) Subparagraph (C) and subparagraph (F) of section 310 (a)(2) of the Act (2 U.S.C. 437c(a)(2)(C), 437(a)(2)(F)) each are amended by striking out "of the members appointed under paragraph (1)(C)".

SEC. 3(a). The terms of the persons serving as members of the Federal Election Commission upon the enactment of this Act shall terminate upon the appointment and confirmation of members of the Commission pursuant to this Act.

(b) The persons first appointed under the amendments made by the first section of this Act shall be considered to be the first appointed under section 310(a)(2) of the Act (2 U.S.C. 437c(a)(2)), as amended herein, for purposes of determining the length of terms of those persons and their successors.

(c) The provision of section 310(a)(3) of the Act (2 U.S.C. 437c(a)(3)), forbidding appointment to the Federal Election Commission of any person currently elected or appointed as an officer or employee in the executive, legislative, or judicial branch of the

Government of the United States, shall not apply to any person appointed under the amendments made by the first section of this Act solely because such person is a member of the Commission on the date of enactment of this Act.

(d) Section 310(a)(4) of the Act (2 U.S.C. 437c(a)(4)) is amended by striking out "(other than the Secretary of the Senate and the Clerk of the House of Representatives)".

(e) Section 310(a)(5) of the Act (2 U.S.C. 437c(a)(5)) is amended by striking out "(other than the Secretary of the Senate and the Clerk of the House of Representatives)".

SEC. 4. All actions heretofore taken by the Commission shall remain in effect until modified, superseded or repealed according to law.

SEC. 5. The provisions of Chapter 14 of Title 2, the United States Code, of Section 608 of Title 18, and of Chapters 95 and 96 of Title 26 shall not apply to any election, as defined in Section 301 of the Act (2 U.S.C. 431(a)), that occurs after December 31, 1976, except run-offs relating to elections occurring before such date.