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TARONE

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all we really had
were the public reporting
documents copied -

OUTLINE OF FEDERAL ELECTION
CAMPAIGN ACT AMENDMENTS OF 1974

A. Michael
TARONE

I. CRIMINAL CODE AMENDMENTS

A. Limitations On Contributions To Candidates For Election To Federal Office

1. Individuals are limited to contributing \$1,000 to a candidate for federal office in any election.
2. A political committee (except for the principal campaign committee) is limited to contributing \$5,000 to any candidate for federal office in any election.
3. National committee of a political party is limited to contributing \$5,000 to any candidate for federal office except when it serves as the principal campaign committee for a candidate for office of President.
4. A "political committee" means an organization registered as a political committee under Section 303 of Federal Election Campaign Act of 1971 for a period of not less than 6 months and has received contributions from more than 50 persons and, except for any state political organization, has made contributions to five or more candidates for state office.
 - a. Registration of political committee under Section 303 means filing with the supervisory officer if the committee anticipates making contributions or expenditures in an aggregate amount exceeding \$1,000. There are eleven factual parts of the statement of organization which is filed.
5. No individual may make contributions which in the aggregate exceed \$25,000 in any calendar year. If the contribution was made in any other calendar year but was intended to be used in the original calendar year, it is counted against the total in the original calendar year.
6. Contributions made to a political committee which is authorized in writing to accept contributions on behalf of the candidate are considered contributions to the candidate.
7. Contributions made to the candidate for Vice President are considered to be contributions to the candidate for President of the same political party.
8. Limitations on individuals contributing \$1,000 and political committees contributing \$5,000 apply separately to each election except that all elections in any one year for President count as one election (all primaries and the general count as one).

9. Any contributions which are given to an intermediary and then to a candidate are considered to be contributions from the person who gave it to the intermediary and the intermediary must report the original source and the intended source to the Commission and the intended source.
10. A candidate for President is limited to spending \$10,000,000 in seeking the nomination for office (i.e., primaries and convention spending) except that the aggregate of expenditures in any one state shall not exceed twice the expenditure limitation in such state applicable to a candidate for nomination for election for Office of Senator, Delegate or Resident Commissioner (i.e., candidate for President cannot spend more than twice as much in the primary as a candidate for Senator could in the Senatorial primary or nominating convention).
11. A candidate for office of President is limited to spending \$20,000,000 in the general election (no limitation on what can be spent in each state).
12. A candidate for office of Senator or for Representative in a state with only one Representative is limited to spending in the primary or nominating convention or a runoff, if necessary, the greater of:
 - a. 8 cents multiplied by the voting age population of the state, or
 - b. \$100,000.
13. A candidate for office of Senator or for Representative in a state with only one Representative is limited to spending in the general election the greater of:
 - a. 12 cents multiplied by the voting age population of the state, or
 - b. \$150,000.
14. A candidate for nomination for election or for election to office of Representative in a state with more than one Representative, Delegate from D.C., or Resident Commissioner is limited to spending \$70,000 (\$70,000 can be spent in primary, \$70,000 in runoff and \$70,000 in general).
15. A candidate for nomination for election or for election to office of Delegate from Guam or Virgin Islands is limited to spending \$15,000 (\$15,000 in primary and \$15,000 in general).
16. Expenditures made by or on behalf of a candidate for Vice President are considered to be expenditures by or on behalf of the candidate for President of the same political party.
17. An expenditure is made on behalf of a candidate if it is made by an authorized committee of the candidate or any person authorized by the candidate, an agent of the candidate, or an authorized committee of the candidate, to make an expenditure.

18. Rules will be prescribed by the Commission to spell out an equitable distribution when a candidate makes an expenditure in a primary which affects two or more states. The basis of the rules will be the number of voting age people who can be reasonably expected to be reached by the expenditure.
19. The limitations on expenditures will increase at the beginning of each year by the per centum difference between the price index for the base year (1974) and the price index for the just completed calendar year (this whole process does not begin until 1976).
 - a. Price index means the average over a calendar year of the Consumer Price Index published monthly by the Bureau of Labor Statistics.
20. A person cannot make an expenditure on behalf of a candidate which, when added together with all other expenditures made by the person during the year advocating the election or defeat of such candidate, exceeds \$1,000.
 - a. Clearly identified means:
 - (1) candidate's name appears
 - (2) photograph or drawing of candidate appears
 - (3) identity of candidate is apparent by unambiguous reference.
 - b. Expenditure does not include payments made or incurred by a corporation or labor organization on behalf of a candidate which are not prohibited by 18 U.S.C. §610, such as:
 - (1) Communications by a corporation to its stockholders and their families and by a labor organization to its members and their families.
 - (2) Non-partisan get-out-the-vote activity by a corporation or a labor organization aimed at stockholders or members and their families.
 - (3) Establishment and administration of a separate, segregated fund to be utilized for political purposes by a corporation or a labor organization.

B. Expenditures

1. National committees of political parties and state committees, including any subordinate committees of a state committee, may make expenditures in connection with the general election campaign of candidates for federal office as follows:

- a. National committee of a political party may not make expenditures in excess of 2 cents times the voting age population on behalf of the party's candidate for President. This expenditure is in addition to any expenditure made on behalf of the presidential candidate by the national committee while the national committee is serving as the presidential candidate's principal campaign committee.
 - b. National committee or a state committee, including any subordinate committee of the state committee, may not make an expenditure in the general election on behalf of that party's candidate for federal office which exceeds:
 - (1) For the office of Senator or Representative in a state with only one Representative, the greater of 2 cents multiplied by the voting age population of the state or \$20,000;
 - (2) For the office of Representative, Delegate or Resident Commissioner, \$10,000.
2. During the first week of January 1975 and each subsequent year, Secretary of Commerce shall certify to the Federal Elections Commission and publish in the Federal Register an estimate of the voting age population of the U.S., of each state and of each Congressional district as of the first day of July next preceding the date of certification.

- a. Voting age population means resident population, 18 years of age or older.

C. Violations

1. No candidate or political committee may knowingly accept a contribution or make an expenditure in violation of 18 U.S.C. §608.
2. No officer or employee of a political committee may knowingly accept a contribution or make an expenditure in violation of the limitations set by the Act.
3. Any person who violates any provision of 18 U.S.C. §608 may be fined not more than \$25,000 or imprisoned for not more than one year or both.

D. Limitations on expenditures from candidates' personal funds

1. No candidate can make expenditures from his personal funds or those of his immediate family in connection with the candidate's nomination for election or election to federal office which are in excess of the following:
 - a. \$50,000 in case of candidate for President
 - b. \$35,000 in case of candidate for Senator or Representative from the state with only one Representative
 - c. \$25,000 from candidate for Representative in state with more than one Representative or Delegate or Resident Commissioner.

2. If an expenditure is made in a calendar year other than the calendar year in which the election is held, it is considered to have been made in the election year.
3. No candidate or his immediate family may make advances or loans to the candidate from the candidates or the immediate family's personal funds unless there is a written instrument disclosing the terms and conditions of the advance of the loan.
4. For purposes of the expenditure limitation for candidates and their immediate families, only the amount of the advance or loan outstanding will be counted.
5. Any outstanding campaign debt incurred by a candidate prior to December 31, 1972 may be satisfied by a candidate or his immediate family out of his or his immediate family's personal funds.
6. Immediate family means a candidate's spouse, any children, parent, grandparent, brother or sister of the candidate, and the spouses of such persons.

E. Contributions By Foreign Nationals

1. The prohibition against contributions by agents of foreign principals is changed to prohibit contributions by foreign nationals.
2. A foreign national is defined by section 1(b) of the Foreign Agents Registration Act of 1938 (22 U.S.C. §611(b)) except that foreign national shall include any individual who is a citizen of the United States.
3. A foreign national is also an individual who is not a citizen of the U.S. and who is not lawfully admitted for permanent residence as defined by 8 U.S.C. §110(a)(20).

F. Penalties For Illegal Contributions or Expenditures By National Banks, Corporations or Labor Organizations

1. An illegal contribution or expenditure by any of the above may be punishable by a fine of not more than \$25,000.
2. A willful violation of the contribution and expenditure limitations by any of the above or any director or officer who consents may be punishable by a fine of not more than \$50,000 or imprisonment of not more than two years or both.

G. Penalties for Illegal Contributions of Government Contractors

1. Violation of prohibition against contributions or expenditures by government contractors shall result in a fine of \$25,000 or five years imprisonment or both.

H. Penalties for Illegal Contributions By Foreign Nationals

1. Violation of prohibition against contributions or expenditures by foreign nationals shall result in a fine of \$25,000 or five years imprisonment or both for the individual who knowingly solicits, accepts or receives contributions from a foreign national.

I. Prohibition Against Contributions in the Name of Another

1. No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution or accept a contribution knowing that it is made in the name of another
2. Violation of this prohibition shall result in a fine of not more than \$25,000 or one year imprisonment or both.

J. Limitations on Contributions of Currency

1. No person may make a contribution in the currency of the U.S. or the currency of a foreign country to a candidate for nomination for election or for election to federal office which exceeds \$100
2. Any person who violates this currency prohibition shall be fined not more than \$25,000 or imprisoned not more than one year or both.

K. Acceptance of Excessive Honorariums

1. An elected or appointed officer or any employee of any branch of the Federal government may not accept an honorarium for any appearance, speech or article which exceeds \$1,000 excluding expense for travel and subsistence expenses.
2. The above officials may not accept honorariums which exceed \$15,000 in any calendar year.
3. Violation of this prohibition is punishable by a fine of not less than \$1,000 nor more than \$15,000.

L. Fraudulent Misrepresentation of Campaign Authority

1. Any candidate for federal office or an employee or agent of the candidate is prohibited from fraudulently misrepresenting himself or any committee or organization under his control as speaking, writing or acting on behalf of another candidate or political party, agent or employee on a matter which is damaging to the other candidate, political party or employee or agent thereof. Furthermore, willfully and knowingly participating or conspiring in such a scheme is prohibite

2. Violation of this prohibition is punishable by a fine of not more than \$25,000 or imprisonment of not more than one year or both.

M. Changes in Criminal Code Definitions

1. Election is defined as a:
 - a. General, special, primary or runoff election
 - b. Convention or caucus of a political party held to nominate a candidate
 - c. Primary election held for selection of delegates to a national nominating convention of a political party
 - d. Primary election held for expression of preference for nomination of persons for election to office of President.
2. Political committee is defined as any committee, club, association or other group of persons which receives contributions or makes expenditures during a calendar year in an aggregate amount exceeding \$1,000.
3. Contribution is defined as:
 - a. Gift, subscription, loan, advance or deposit of money or anything of value made for the purpose of influencing the nomination for election or election of any person to federal office or for the purpose of influencing the result of a primary held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to office of President.
 - b. A contract, promise, agreement whether or not legally enforceable to make a contribution for the above purposes.
 - c. Funds received by a political committee which are transferred to such committee to another committee or other source.
 - d. Payment, by any person other than a candidate or a political committee, of compensation for personal services of another person which are rendered to such candidate or political committee without charge for any such purpose.
 - e. Definition of contribution does not include:
 - (1) Value of services provided by individuals without compensation who volunteer a portion or all of their time on behalf of a candidate or political committee

volunteers

Campaign
dinners

- (2) Use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's premises for candidate-related activities.

food and
beverages

- (3) Sale of any food or beverage by a vendor for use in a candidate's campaign at a charge less than the normal comparable charge, if such charge is at least equal to cost for such food or beverage to vendor.

travel
expense

- (4) Any unreimbursed travel expenses made by an individual who on his own behalf volunteers his personal services to a candidate.

slate
cards

- (5) Payment by state or local committee of a political party of costs of preparation, display or mailing or other distribution incurred by such committee with respect to a printed slate card or sample ballot or other printed listing of 3 or more candidates for any public office for which any election is held in the state in which such committee is organized except that this exception shall not apply in the case of costs incurred by such committee with respect to a display of any such listing made on broadcasting stations, or in newspapers, magazines or other similar types of general political advertising.
- (6) Cumulative activities by any individual in campaign dinners, food and beverage, and travel expenses cannot exceed \$500 for any one election.

4. Expenditure is defined as:

- a. Purchase, payment distribution, loan, advance, deposit or gift of money or anything of value made for the purpose of influencing the nomination for election or election of any person to Federal office or for the purpose of influencing the results of a primary held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President of the United States.
- b. A contract, promise, or agreement, express or implied, whether or not legally enforceable to make any expenditure.
- c. Transfer of funds by a political to another political committee.
- d. Exceptions to definition of expenditure.

Editorials

(1) Any news story, commentary or editorial distributed through the facilities of any broadcasting station, newspaper, magazine or other periodical publications unless such facilities are owned or controlled by any political party, political committee or candidate.

Nonpartisan get-out-the vote activity

(2) Nonpartisan activity encouraging individuals to register to vote or to vote.

Communications to organization members

(3) Any communication by any membership organization or corporation to its members or stockholders, if such membership organizations is not organized primarily for purposes of influencing nomination for election or election to any person to Federal office.

Travel expenses

(4) Any unreimbursed payment for travel expenses made by an individual who on his own behalf volunteers his personal services to a candidate.

Campaign dinners

(5) Use of real or personal property and cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate related activities.

Non-election communications

(6) Any communication by any person which is not made for the purpose of influencing the nomination for election, or election of any person to Federal office.

Slate cards

(7) Payment by a State or local committee of a political party of costs of preparation, display or mailing or other distribution incurred by such committee with respect to a printed slate card or sample ballot or other printed listing

of 3 or more candidates for any public officer for which such committee is organized except that this clause shall not apply in the case of costs incurred by such committee with respect to a display or any such listing made on broadcasting stations or in newspapers, magazines or other similar types of general public advertising.

Fund-raising costs

(8) Costs incurred in soliciting contributions but these costs cannot exceed 20% of amount of candidate's expenditure limitation.

Fund-raising costs of political committees

(9) Costs incurred by a political committee with respect to soliciting contributions for the political committee except that this exemption does not apply to costs incurred with respect to solicitation of contributions made through broadcasting stations, newspapers, magazines, outdoor advertising facilities and other types of general public political advertising.

(10) Travel expenses and campaign dinner exemptions cannot cumulatively exceed \$500 with respect to any election.

5. Political party is defined as any association, committee or organization which nominates a candidate for election to any Federal office whose name appears on the election ballot as the candidate of such association, committee or organization.

6. State committee is defined as the organization which by virtue of the by-laws of a political party is responsible for the day-to-day operation of such political party at the State level, as determined by the Federal Elections Commission.

7. National committee is defined as the organization which by virtue of the by-laws of the political party is responsible for the day-to-day operation of the political party at the national level.

8. Principal campaign committee is defined as the principal campaign committee designated by the candidate.

N. Addition to Section on Prohibition of contributions by Government Contractors.

1. Corporation or labor organization may establish a separate fund for the purpose of influencing the nomination for election or the election of any person to Federal office even if corporation or labor organization is a government contractor.

O. Effect on State Law.

1. Federal criminal code provisions relating to elections and political activities supersede and preempt any provision of State law with respect to election to Federal office.

A. Michael
Tarson

John H. Hester
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— he got it from Mike Tarson

* Study that Mike volunteered
to make - if the Pres. was going
to Grand Rapids as a campaign
activity, are 2 the Dem. challenger
could say it might be

- 1) Jackson
- 2) Gov. Wallace
- 3) Butsey
- 4) Alexander



THE WHITE HOUSE

WASHINGTON

August 30, 1974

MEMORANDUM FOR: ANNE ARMSTRONG
DEAN BURCH
BOB HARTMANN
JOHN MARSH
BILL TIMMONS

FROM: GEOFF SHEPARD *JS*

Attached for your background information and in preparation for Wednesday's meeting on campaign reform are copies both of Ken Cole's memo to the President requesting the meeting and the meeting paper itself.

cc: General Haig
Jerry terHorst
Ken Cole

Handwritten notes:
\$1,000,000
\$900,000
\$800,000
\$700,000
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\$500,000
\$400,000
\$300,000
\$200,000
\$100,000
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THE WHITE HOUSE
WASHINGTON

August 26, 1974

MEMORANDUM FOR: THE PRESIDENT
FROM: KEN COLE *C*
SUBJECT: Strategy Meeting on Campaign Reform

We need a strategy meeting with you to develop your Administration's position on campaign reform before we lose the issue completely:

- House and Senate conferees have been named, and the conference is expected to begin soon after the Congressional recess.
- Although the House and Senate versions differ substantially from each other, neither one is even close to the position which the Administration submitted last March. (Bryce Harlow worked with you and others in developing the position.)
- Representative Hays has asked for a meeting with you in an attempt to strengthen his position in the conference. Rep. Frenzel, who headed the Republican Task Force on Campaign Reform, has asked to see you before Hays.
- The Republican National Committee feels very strongly that the House version virtually guarantees the end of the Republican Party because of its limit on party activity and financing.

There are a series of individual questions on key issues which will define the parameters of what the Administration can support in terms of campaign reform, such as public financing, expenditure limits, donation limits, the role of the political party and the makeup of the proposed election commission. These items, however, must be decided in the context of the overall posturing as to who is going to take the blame for there being "no campaign reform legislation after Watergate."



There appear to be two available options for your Administration:

- Strongly advocate the Administration-sponsored campaign reform legislation (or something similar should you disagree with any of its specifics) , do a series of speeches and meetings with executive and Congressional personnel to publicize your position and solidify Republican support, and be prepared to veto any legislation which does not substantially conform to your position.

- Continue to low-key the campaign reform issue and avoid taking a position as long as possible with the hope that the conferees will never be able to agree upon appropriate legislation, and Congress will adjourn without receiving a Conference Report.



THE WHITE HOUSE

WASHINGTON

August 30, 1974

MEETING ON CAMPAIGN REFORM

Wednesday, September 4, 1974

2:00 p.m. (20 minutes)

The Cabinet Room

From: Ken Cole

I. PURPOSE

To discuss with senior staff the best position on the campaign reform issue.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Conferees have been named for House and Senate versions of campaign reform legislation. Although the versions differ materially from each other, neither one is close to the legislation you help develop as Vice President. These differences are summarized at Tab A.

B. Participants: Anne Armstrong Bob Hartmann
Dean Burch John Marsh
Ken Cole Bill Timmons

Domestic Council Staff: Geoff Shepard

C. Press Plan: Announced event. Press photo.

III. SUGGESTED ITEMS FOR DISCUSSION

1. Are there any of the areas analyzed at Tab A upon which the Administration should be willing to compromise?
2. What should the posture of the President be with regard to the requested individual meetings with Chairman Hays and Rep. Frenzel?
3. Are there any statements or events which the President or other members of his staff should be engaging in now to better position the President should he have to veto the legislation before November?

ELECTION REFORM LEGISLATION

COMPARATIVE ANALYSIS

1. Public Financing

S. 3044 -- To be eligible for public financing in primary elections a House candidate would have to raise contributions totalling \$10,000; a Senate candidate the lesser of 20% of his expenditure limitation or \$125,000; and a Presidential candidate \$250,000, with not less than \$5,000 in matchable contributions having been received from at least 20 states. Once having met the required threshold, all additional dollar contributions not in excess of \$100 (\$250 for Presidential candidates) would qualify for matching Federal payments up to the appropriate expenditure limitation. In the general election campaign, a major party candidate would be eligible to receive full public financing up to the appropriate expenditure limitation. A minor party general election candidate would be eligible for proportionate public funding.

H.R. 16090, which is limited to Presidential elections, would make existing Presidential Election Campaign Fund self-appropriating and would establish within the Fund a Presidential Primary Matching Payment Account. General election Presidential candidates could draw up to \$20 million from the fund. Each major party could draw up to \$2 million from the fund to finance Presidential nomination conventions. Minor parties would receive proportional payments. Presidential primary candidates could receive payments from the Matching Payment Account in amounts equal to the amount of each contribution of \$250 or less up to 50% of the appropriate expenditure limitation. Because the size of the Fund would continue to depend on the tax check-off device, the Matching Payment Account would not be available until payments are first allocated to the funding of the general election campaign and the nominating convention.

S. 3261 (Administration proposal last March) No public financing. Relies instead on timely and complete public disclosure of financing.

2. Contribution Limitations

S. 3044 -- \$3,000 on individual contributions to a candidate; \$6,000 organization contributions to a candidate; \$25,000 annually for individual contributions to all candidates. Primaries and general elections would be considered as one campaign.

H.R. 16090 -- \$1,000 per election on individual contributions to a candidate; \$5,000 per election on political committee contributions to a candidate; \$25,000 on all contributions by any individual in any calendar year.

S. 3261 -- \$3,000 per Congressional election, \$15,000 per Presidential election, on individual contributions; no individual could make a contribution to a political action group during a calendar year which, when added to the sum of all other contributions made by that individual during that year, exceeds \$25,000.

3. Expenditure Limitations

S. 3044 -- The following limitations apply to candidates accepting public financing. Congressional candidates would be limited in primary campaigns to an amount equal to 8¢ multiplied by the applicable voting age population, or \$90,000, whichever is greater. Such candidates from one representative states may use an alternative figure of \$125,000. General election Congressional campaigns would be limited by an amount equal to 12¢ per eligible voter or the same \$90,000 figure, whichever is greater. The alternative amount for general election candidates from one-representative states would be \$175,000. Presidential candidates would be subjected to state primary and general election limitations equal to twice the limitation applicable to a Senatorial candidate from that state subject to an overall limitation for expenditures throughout the United States of 10¢ per eligible voter. The spending limits could be increased by a cost-of-living escalator.

H.R. 16090 -- A Presidential candidate could spend no more than \$10 million for his nomination and \$20 million in the general election campaign. A Senate candidate would be limited to the greater of \$75,000 or 5¢ a voter in each of the primary and general elections. A House candidate could expend no more than \$60,000 in each of the primary and general elections. The spending limits could be increased by a cost-of-living escalator.

S. 3261 -- No expenditure limitations -- again relies on public disclosure.

4. Enforcement Authority

S. 3044 -- Would establish a Federal Election Commission independent of the executive branch composed of the Comptroller General (non-voting) and seven members appointed by the President by and with the advice and consent of the Senate of which two members not from the same party shall be chosen from recommendations by the President pro tem upon the recommendations of the Senate majority and minority leaders and two members not from the same party shall be chosen from recommendations by the Speaker upon recommendations of the House majority and minority leaders. The Commission would have complete enforcement authority including the authority to prosecute election law criminal offenses.

H.R. 16090 -- Establishes, in addition to the existing supervisory officers, a seven member Board of Supervisory Officers to be composed of the Secretary of the Senate, the Clerk of the House, the Comptroller General, two individuals not of the same party appointed by the President of the Senate upon the recommendations of the Senate majority and minority leaders, and two individuals not of the same party appointed by the Speaker upon the recommendations of the House majority and minority leaders. The Senate and House appointees cannot be employees of the executive, legislative, or judicial branch of government. Although the Attorney General would continue to supervise judicial enforcement, the Board would be authorized to render advisory opinions and to monitor the progress of cases referred to the Attorney General.

S. 3261 -- Would establish an independent Federal Election Commission to be composed of the chairman of the national committees of the major political parties (non-voting) and five members appointed by the President with the advice and consent of the Senate, no more than three of whom shall be from the same political party. Actual enforcement would be by the Attorney General.

5. Effect on Republican Party of H.R. 16090

Three items in the House bill combine to threaten the end of the Republican Party: the \$5,000 limit on donations it can give to any candidate (being treated just like any other special interest group); the optional \$2 million public financing of nominating conventions is really mandatory because the bill also eliminates Section 276(c) of the Tax Code which allows businesses to deduct ads in convention programs -- the present form of Republican convention financing; and the proposed expenditure limits of \$60,000 per race which virtually guarantees incumbent reelection and therefore continuance of the Democratic majority.

