MONEY AND POLITICS

CHAPTER 2

A History of Federal Campaign Finance Law

CONTENTS

INTRODUCTION Anthony Corrado 27

DOCUMENTS

2.1 Tillman Act of 1907, 34 Stat. 864 (January 26, 1907) 36

2.2 Publicity Act of 1910, 36 Stat. 822 (June 25, 1910 37

2.3 1911 Amendments to the Publicity Act, 37 Stat. 25 (August 19, 1911) 39

2.4 Federal Corrupt Practices Act, 1925, 43 Stat. 1070 (February 28, 1925) 42

2.5 1940 Amendments to the Hatch Act, 54 Stat. 767 (July 19, 1940) 47

2.6 Taft-Hartley Act of 1947, 61 Stat. 136 June 23, 1947) 49

2.7 Revenue Act of 1971: A Summary 50

2.8 Federal Election Campaign Act of 1971: A Summary 52

2.9 Federal Election Campaign Act Amendments of 1974: A Summary 53

2.10 Federal Election Campaign Act Amendments of 1976: A Summary 56

2.11 Revenue Act of 1978: A Summary 58

2.12 Federal Election Campaign Act Amendments of 1979: A Summary 59

MONEY AND POLITICS

CHAPTER 2

A History of Federal Campaign Finance Law

INTRODUCTION BY ANTHONY CORRADO

Controversy over the role of money in politics did not begin with Watergate. Nor did it start with the clamor over the high costs of campaigning that accompanied the growth of radio and television broadcasting in the postwar era. Money's influence on the political process has long been a concern, an outgrowth of our nation's continuing struggle to reconcile basic notions of political equality, such as the principle of "one person, one vote," with the unequal distribution of economic resources and the willingness of a relatively small group of citizens to participate financially in political campaigns. Though public criticism of the campaign finance system has been particularly acute in recent decades, the criticisms raised, and the consequent demand for campaign finance reform, can be traced back to almost every election since at least the Civil War.

The first major thrust for campaign finance legislation at the national level came during the progressive era as a result of a movement to eliminate the influence of big business in federal elections. By the end of the nineteenth century, lavish contributions by major corporations and wealthy "fat cat" donors had reached levels that alarmed progressive reformers. Money from corporations, banks, railroads, and other businesses had become a major source of political funds, and numerous corporations were reportedly making donations to national party committees in amounts of $50,000 or more to "represent their share in the nation's prosperity." In the elections of 1896 and 1900, Mark Hanna relied on such corporate largesse to raise millions of dollars for William McKinley's presidential campaigns, most of which came from businesses or wealthy individuals with interests in government policy. Muckraking journalists and progressive politicians charged that these wealthy donors were corrupting government processes and gaining special favors and privileges as a result of their campaign gifts. They demanded regulation to prevent such abuses. Their calls went unheeded until the controversy surrounding the financing of the 1904 election led to the first organized movement for campaign finance reform.

In 1904, Judge Alton B. Parker, the Democratic presidential nominee, alleged that corporations were providing President Theodore Roosevelt with campaign gifts to buy influence with the administration. Roosevelt denied the charge; but in investigations conducted after the election, several major companies admitted making large contributions to the Republican campaign. The controversy led Roosevelt to include a call for campaign finance reform in his annual messages to Congress in 1905 and 1906. This spurred the formation of the National Publicity Law Organization (NPLO), a citizens' group dedicated to lobbying for the regulation of political finance and public disclosure of political spending.

Faced with increasing public sentiment in favor of reform, Congress finally acted in 1907. At the urging of Benjamin "Pitchfork Ben" Tillman, it took up a bill that had been introduced in an earlier Congress to restrict corporate giving in federal elections. The law, known as the Tillman Act, prohibited any contributions by corporations and national

banks to federal political campaigns (document 2.1). This ban on corporate gifts to federal candidates remains in effect to this day, although it has been undermined in recent decades by the "soft [nonfederal] money" fundraising practices of national party committees (see chapter 6).

Though the Tillman Act constituted a landmark in federal law, its adoption did not quell the cries for reform. Eliminating corporate influence was only one of the ideas being advanced at this time to clean up political finance. Reducing the influence of wealthy individuals was also a concern, and some reformers pushed for limits on individual donations. Still others advocated even bolder ideas. The NPLO continued to press for disclosure of party campaign receipts and expenditures so that voters could know which interests were financing which campaigns. William Bourke Cockran, a Democratic representative from New York associated with Tammany Hall, had an even more radical idea. In 1904 he suggested that the problems caused by campaign funding might be relieved if the government paid for some or all of the expenses of a presidential election. This proposal was never considered by Congress. However, in his December 1907 message to Congress, President Roosevelt did suggest the possibility of public financing for party organizations. But few legislators were willing to pursue this idea.

The continuing pressure for reform produced additional legislation a few years later. On the eve of the 1910 elections, the Republican majority in Congress passed a bill initiated by the NPLO that required party committees "operating in two or more states" to report any contributions or expenditures made in connection with campaigns for the House of Representatives. As adopted, the Federal Corrupt Practices Act, more commonly known as the Publicity Act of 1910, required nothing more than postelection reports of the receipts and expenditures of national party committees or committees operating in two or more states (document 2.2). Consequently, the act only affected the national party committees and their congressional campaign committees, and it did not require any disclosure prior to an election. Such a modest measure failed to appease the more vocal advocates of reform.

In the 1910 elections the Democrats took control of the House and picked up seats in the Senate. When the new Congress convened, the Democrats sought to revise the Publicity Act to include preelection reporting. House Republicans hoped to defeat the bill by adding provisions that would be unacceptable to Southern Democrats. Since Southerners favored states' rights and considered primaries the most important elections, House Republicans called for the regulation of committees operating in a single congressional district and the disclosure of primary campaign finances. Senate Republicans went even further, adopting a bill that included limits on campaign spending. But these tactics backfired; the Republican game of one-upmanship failed to defeat the bill. Instead, Congress ultimately agreed to reforms far more extensive than those originally proposed.

The 1911 Amendments to the Publicity Act improved disclosure and established the first spending limits for federal campaigns (document 2.3). The amendments extended disclosure in two ways. They required Senate as well as House campaigns to report receipts and expenditures. In addition, they required campaign committees to report their finances both before and after an election, in primary contests as well as general elections. The law also limited House campaign expenditures to a total of $5,000 and Senate campaign expenditures to $10,000 or the amount established by state law, whichever was less.

These spending limits quickly became controversial and were contested in court. Truman H. Newberry, a Michigan Republican who defeated Henry Ford in a fiercely contested Senate primary in 1918, was convicted of violating the spending limit in that race. His campaign committee reported spending close to $180,000 in its effort to secure the nomination, an amount almost 100 times the

limit established by Michigan law. Newberry challenged the conviction, arguing that Congress had no authority to regulate primaries. Besides (the argument went), he and his codefendants had not violated the law, which applied to campaign committees, not to the candidate or individual supporters.

In 1921, the Supreme Court ruled in *Newberry* v. *United States* (256 U.S. 232) that the congressional authority to regulate elections did not extend to party primaries and nomination activities, thus striking down the spending limits. This narrow interpretation of congressional authority stood until 1941, when in *United States* v. *Classic* (313 U.S. 299), the Court ruled that Congress did have the authority to regulate primaries wherever state law made them part of the election process and wherever they effectively determined the outcome of the general election. But Congress did not reassert its authority to regulate the financing of primary campaigns until 1971, when it adopted the Federal Election Campaign Act (document 2.8; see discussion later in this chapter).

The Court's decision in *Newberry* was not the only event that highlighted the inadequacy of campaign finance reforms. Shortly after this ruling, the Teapot Dome scandal once again drew attention to the corruptive influence of large contributions. (In this case, the scandal involved gifts made by oil developers in a nonelection year to federal officials responsible for granting oil leases.) The scandal led Congress to act once again, this time passing the Federal Corrupt Practices Act of 1925, which stood as the basic legislation governing campaign finance until the 1970s (document 2.4).

The Federal Corrupt Practices Act of 1925 essentially followed the regulatory approach outlined by earlier legislation with little substantive change, except for the deletion of regulations governing primaries. The act revised the disclosure rules to account for the financial activity that led to the Teapot Dome scandal by requiring all multistate political committees (as well as House and Senate candidates) to file quarterly reports that included all contributions of $100 or more, even in nonelection years. The law also revised the spending limits. Senate campaigns would be allowed to spend up to $25,000 and House campaigns up to $5,000, unless state law called for a lower limit.

Despite these changes, an effective regulatory regime was never established. Though the law imposed clear reporting requirements, it provided for none of the publicity or enforcement mechanisms needed for meaningful disclosure. The law did not specify who would have access to the reports; it did not require that they be published; it did not even stipulate the penalties if committees failed to comply. As a result, many candidates did not file regular reports. When they did, the information was provided in various forms. Gaining access to the information through the Clerk of the House or Secretary of the Senate was difficult, and the reports were usually maintained for only two years and then destroyed.

The spending ceilings were even less effective and, in fact, were almost universally ignored. Because the limits were applicable to party committees, they were easily skirted by creating multiple committees for the same candidate or race. Each of these committees could then technically comply with the spending limit established for a particular race, while the total monies funneled into that race greatly exceeded the amount intended by the law. These multiple committees also facilitated evasion of disclosure. Donors could provide gifts of less than $100 to each committee without any reporting obligation, or give larger amounts to a variety of committees, thus obscuring the total given to any candidate.

Wealthy donors also contributed monies through family members, and there were widespread reports of corporations providing bonuses to employees, who passed these funds on to candidates. Yet in the history of the 1925 act, no one was prosecuted for failing to comply with the law. Only two people—Republicans William S. Vare of Pennsylvania and

Frank L. Smith of Virginia—were excluded from office for violating spending limits. And they were excluded in 1927 as a result of violations incurred in the first election in which the law was in place. Over the next forty-five years, no other candidates were punished under this act.

Even though it was well known that candidates and party committees were not complying with the dictates of federal law, Congress did not return to the issue of campaign financing until the success of Franklin Roosevelt's New Deal coalition led conservative Democrats and staunch Republicans to seek additional reforms. With the approach of the 1940 election, these opponents of Roosevelt's liberal politics became increasingly concerned that the rapidly expanding federal work force that arose under the New Deal would become a permanent political force in the Democratic Party. In an attempt to minimize this possibility, Congress passed the Hatch Act of 1939, named after its sponsor, Senator Carl Hatch, a Democrat from New Mexico. The Hatch Act extended the prohibitions on political activity by federal employees that were first established when the Pendleton Civil Service Act of 1883 created the civil service system. The Pendleton Act sought to restrain the influence of the spoils system in the selection of civil service workers and to reduce the reliance of party organizations on the assessment of federal officeholders as a source of campaign revenue. The law prohibited government civil service employees from soliciting political contributions and protected federal officeholders from forced campaign assessments.

Although the "classified" offices covered under the original legislation covered only about one-tenth of the civil service, subsequent administrations expanded the coverage. The 1939 Hatch Act, which was also called the Clean Politics Act, prohibited political activity by those federal workers who were not constrained by the Pendleton Act. It also specifically prohibited federal employees from soliciting campaign contributions, which removed a major source of revenue for state and local party organizations.

In 1940, Congress passed amendments to the Hatch Act to restrict the amount of money donated to political campaigns in another way (document 2.5). The revisions imposed a limit of $5,000 per year on individual contributions to federal candidates or national party committees and of $3 million on the total amount that could be received or spent by a party committee operating in two or more states. Like earlier regulations, these restrictions had little effect on political giving. Donors could still donate large sums by giving to multiple committees or by making contributions through state and local party organizations, which were not subject to the $5,000 limit.

Another change in political finance during the New Deal era was the rise of labor unions as a major source of campaign money. Roosevelt's policies, many of which were regarded as pro-labor, encouraged union membership and led to the growth of organized labor as a political force in national politics. Union funds became an important source of Democratic Party campaign money. This financial strength grew significantly in the early 1940s with the establishment of the Political Action Committee as the political arm of the Congress of Industrial Organizations (CIO). Republicans and Southern Democrats sought to reduce labor's influence by passing the Smith-Connally Act, or War Labor Disputes Act of 1943. This act prohibited labor unions from using their treasury funds to make political contributions to candidates for federal office.

The Smith-Connally Act, which was passed over President Roosevelt's veto, was adopted as a war measure and thus automatically expired six months after the end of the war. When the Republicans recaptured Congress in 1946, they made this ban permanent by including it as one of the provisions of the Taft-Hartley Act, or the Labor Management Relations Act of 1947 (document 2.6). This prohibition against the use of labor union treasury funds as a source of candidate contributions has been part of federal law ever since, matching the 1907 ban on corporate treasury funds.

In the decades after World War II, dramatic changes took place in the financing of political campaigns. Although party organizations remained an important source of revenue, campaigns became increasingly candidate based. Candidates for federal office established their own committees and raised funds independent of party efforts. At the same time, television was becoming an essential means of political communication, which significantly increased the costs of seeking federal office. Yet despite renewed concerns about the costs of campaigns and the role of wealth in national elections, Congress took no action. In fact, the only serious gesture made toward reform between World War II and the Vietnam War era was President John F. Kennedy's decision to form a Commission on Campaign Costs to explore problems in the system and develop legislative proposals. The Commission's 1962 report offered a comprehensive program of reform, including such innovative ideas as a system of public matching funds for presidential candidates. However, Congress was not receptive to the president's proposals, and no effort was made to resurrect these ideas after his assassination.

Congress did pass a related bill in 1966, but it never took effect. Campaign finance issues were once again in the news as a result of criticism of the Democratic "President's Club"—a group of donors, including some government contractors, who each gave $1,000 or more—and the censure of Senator Thomas Dodd (D.-Conn.) for using his political funds for personal purposes.

Under the leadership of Senator Russell Long (D.-La.), the powerful chair of the Senate Finance Committee, Congress passed the first major reform bill since 1925. Long hoped to reduce the potential influence of wealthy donors and ease the fundraising demands generated by the rising costs of elections by providing public subsidies to political parties to pay the costs of the presidential campaign. These subsidies would be appropriated from a "Presidential Election Campaign Fund," which would be financed by allowing taxpayers to use a federal tax checkoff to allocate $1 for this purpose. The proposal met with widespread criticism, but Long forced the Senate to approve the unusual measure by attaching it as a rider to the Foreign Investors Tax Act.

Long's victory was short-lived. In the spring of 1967, Senator Albert Gore, a Democrat from Tennessee, and Senator John Williams, a Republican from Delaware, sponsored an amendment to repeal the Long Act. Gore favored public financing, arguing that the Long plan discriminated against third parties and would do little to control campaign costs, since it simply added public money to the private funds already being raised. Others simply opposed the idea of using government funds to finance campaigns or argued that such a system of party subsidies would place too much power into the hands of the national party leaders. Eventually, after much legislative maneuvering, Congress decided to make the Long Act inoperative by voting to postpone the checkoff until guidelines could be developed governing disbursement of any funds collected through this device.

Even if the Long Act had been implemented, it would not have addressed the major problems that had emerged in the campaign finance system. By this time, it was obvious to most observers that the reporting requirements and spending limits set forth in the Federal Corrupt Practices Act had proven wholly ineffective and needed a complete overhaul. There was also increasing concern about the rising costs of campaigns. In the 1956 elections, total campaign spending was approximately $155 million, $9.8 million of which was used for radio and television advertising. By 1968, overall spending had nearly doubled to $300 million, while media expenditures had increased by almost 600 percent to $58.9 million.

This dramatic growth worried many members of Congress, who feared that they might be unable to raise the sums needed in future campaigns if costs kept escalating. Legislators also worried about wealthy challengers who might have access to the resources needed to defeat them in expensive me-

dia-based campaigns. Democrats were particularly concerned about the rising costs, since Republicans had demonstrated greater success at raising large sums and had spent more than twice as much as the Democrats in the 1968 presidential contest. Changing patterns of political finance thus sparked interest in further reform, and Congress responded by passing the Federal Election Campaign Act of 1971 (document 2.8).

The Federal Election Campaign Act (FECA) went into effect in 1972. It restricted rising campaign costs and strengthened national reporting and disclosure requirements. The legislation sought to address problems stemming from the Federal Corrupt Practices Act and cut rising campaign costs, thereby combining two approaches to reform. The first part of the law established contribution limits on the amount a candidate could give to his or her own campaign and set ceilings on the amount a campaign could spend on media. The second part imposed strict public disclosure procedures on federal candidates and political committees.

The FECA represented a departure from previous regulatory efforts by placing specific limits on the amounts candidates could spend on media advertising in both primaries and general elections. These limits may have helped to restrict media spending in 1972 but did little to slow the increase in campaign spending. The information gathered as a result of the new disclosure requirements revealed that total campaign expenses rose from an estimated $300 million in 1968 to $425 million in 1972. The growth in presidential campaign costs was especially significant: President Richard M. Nixon spent more than twice as much in 1972 as he did in 1968, while his Democratic opponent in 1972, George McGovern, spent more than four times what Hubert Humphrey did in 1968—and was still outspent by a substantial margin. These spending patterns suggested that more extensive expenditure limits would be needed if costs were to be brought under control. But before the new law could be tested in another election, the Watergate scandal broke and a more extensive system of regulation was adopted.

In 1974 Congress thoroughly revised the federal campaign finance system in response to the pressure for comprehensive reform in the wake of Watergate and other reports of financial abuse in the 1972 Nixon campaign. Detailed investigations into the Nixon campaign revealed an alarming reliance on large contributions, illegal corporate contributions, and undisclosed slush funds. They also raised questions about money's influence on the political process—it was alleged that contributors "bought" ambassadorships, gained special legislative favors, and enjoyed other special privileges. The scandals spurred Congress to change the law once again.

The FECA Amendments of 1974 represent the most comprehensive campaign finance legislation ever adopted (document 2.9). Although technically a set of amendments to the 1971 law, the 1974 act left few of the original provisions intact. It significantly strengthened the disclosure provisions of the 1971 law and enacted unprecedented limits on contributions and expenditures in federal elections. The law set specific limits on the amounts individuals, political committees, and party organizations could donate to federal campaigns. It also replaced the media expenditure ceilings adopted two years earlier with aggregate spending ceilings for presidential, senatorial, and congressional candidates. Limits on the amounts party organizations could spend on behalf of federal candidates were also established. To administer and enforce these provisions, the act created an independent agency, the Federal Election Commission (FEC), which was given primary authority for regulating political finance.

The most innovative aspect of the 1974 law was the creation of an optional program of full public financing for presidential general election campaigns and a voluntary system of public matching subsidies for presidential primary campaigns. As a result, it introduced the first program of public campaign funding at the national level. In general

election campaigns, the presidential nominees for the major parties could receive an amount equal to the aggregate spending limit if they agreed to refrain from raising any additional private money. Qualified minor party or independent candidates could receive a proportional share of the subsidy. In prenomination campaigns, the candidates could qualify for matching subsidies on small contributions. The purpose was to reduce fund-raising pressures in national contests and encourage solicitation of small donations. The funding for this program came from a voluntary tax checkoff on federal income tax forms—funds deposited in the Presidential Election Campaign Fund, a separate account maintained by the U.S. Treasury.

This tax checkoff mechanism originated with the Revenue Act of 1971, the successor to Long's 1966 proposal, which laid the foundation for a less comprehensive system of public subsidies for presidential campaigns (document 2.7). This subsidy program had not yet been implemented when the 1974 legislation was passed. To avoid a threatened veto by President Nixon, Congress had to postpone any collection of revenues until 1973 for funds to be used in the 1976 election.

Another important feature of the Revenue Act was the creation of a federal income tax credit or tax deduction for small contributions to political candidates at all levels of government and to some political committees, including those associated with national party organizations. Like the matching funds program at the presidential level, this provision was designed to promote broad-based participation in elections. This tax benefit was modified by the Revenue Act of 1978, which eliminated the tax deduction option and doubled the maximum allowable tax credit (document 2.11). This credit was available until 1986, when it was repealed by the Tax Reform Act of 1986.

Like its 1971 predecessor, the 1974 law was substantially revised before it was ever fully implemented. As a result of the Supreme Court's findings in *Buckley* v. *Valeo* (424 U.S. 1 [1976]; see document 3.1), Congress was forced to adopt additional amendments in the midst of the 1976 primary elections. Most important, the Court ruled against the spending limits established for House and Senate candidates and the contribution limit for independent expenditures. This substantially weakened the potential efficacy of the act, because the only spending ceilings allowed to stand were those for publicly funded presidential campaigns. The Court also struck down the method of appointing Federal Election Commissioners. The 1976 amendments thus revised the means of appointing members of the Commission and made other changes in the public financing program, contribution limits, and disclosure procedures (document 2.10). But the law was not completed until May. This forced a two-month suspension of the public matching funds program, because the FEC was not allowed to exercise its powers until it was reconstituted in conformance with the Court's ruling.

Despite its shaky start, the new campaign finance system represented a major advancement over the patchwork of regulations it replaced. The disclosure and reporting requirements dramatically improved public access to financial information and regulators' ability to enforce the law. The contribution ceilings eliminated the large gifts that had tainted the process in 1972. Public financing quickly gained widespread acceptance among the candidates, and small contributions became a staple of presidential campaign financing.

But the new regime was not without its critics. Candidates and political committee operatives complained that the law's detailed reporting requirements forced them to engage in unnecessary and burdensome paperwork, which increased their administrative costs. State and local party leaders contended that the law reduced the level of spending on traditional party-building activities (such as voter registration and mobilization programs) and discouraged grass-roots volunteer efforts. Parties were limited in the amounts they could spend on behalf of candidates, and both presidential cam-

paigns had chosen to concentrate their legally limited resources on media advertising rather than grass-roots political activities.

As a result of the initial experience with the FECA, Congress adopted additional revisions before the 1980 election. To ensure their quick passage, the Federal Election Campaign Act Amendments of 1979 centered on "noncontroversial" reforms acceptable to both houses of Congress (document 2.12). The 1979 law was thus designed primarily to revise the reporting and disclosure requirements, easing the paperwork required by participants and reducing the amount of financial information to be reported. But it also sought to address the concerns raised by state and local party officials regarding the diminished role of local party organizations in national elections. To this end, the 1979 law granted party organizations a limited exemption from the spending provisions of the 1976 act and allowed them to spend "federal" funds on certain grass-roots volunteer activities and on traditional activities such as voter registration and get-out-the-vote programs.

Although the parties still had to abide by the law's restrictions when raising these funds, the exemption from spending limits gave the local and state parties a much larger role in campaigns. This was especially so in Senate and presidential campaigns, where the parties are more likely to engage in such supplemental campaign activity. This exemption was designed to encourage volunteer activities and promote civic participation in the election process. Contrary to what is commonly believed, the 1979 amendments did not create soft money. They only allowed party committees to use "hard" dollars to fund certain narrowly specified activities for volunteers and for party-building purposes, without having those expenditures count against the party's contribution limitations to candidates.

With a "final" regulatory regime now in place, candidates and party organizations soon began to adapt to the new rules in ways both intended and unintended. Many of these responses undermined the efficacy of the regulations and raised further questions about the FECA's ability to control the flow of political money. Congressional campaign costs continued to rise, renewing concerns about the role money plays in federal races and how well challengers can compete financially against entrenched incumbents. Contributions and spending by political action committees (PACs) also became a big issue as the number of these committees increased and their resources were distributed in ways that provided substantial financial advantages to incumbents (see chapter 5). At the presidential level, candidates and party organizations looked for ways of circumventing the expenditure and contribution limits that accompanied public funding.

Most noteworthy among these new tactics was the aggressive exploitation of the exemption for party-related activities, and the rise of a phenomenon known as soft money. Soft money is the common name given to party funds that are not regulated by federal law (see chapter 6), but which the FEC has voted, through the Advisory Opinion process, to allow party committees to accept and spend on administrative expenses and for other allegedly nonfederal election-related purposes.

By the end of the 1980s, soft money funding had become a major component of national election financing, with both major national parties spending tens of millions of soft dollars. Most of this money was being raised through unlimited contributions from sources such as corporations and labor unions that had long been banned from participating in federal elections. Many critics therefore argued that the FECA had failed and that the FEC was incapable of fulfilling its responsibility to enforce the law (see chapter 8). Soft money is not a result of Congress's deliberation and action through the lawmaking process. Instead it is an almost inadvertent result of several FEC advisory opinions—approved without hearings, public comment, or much apparent thought for the enormous consequences for the federal campaign finance structure.

By 1986, Congress was once again confronting the issue of campaign finance reform. Although both houses of Congress have considered a number of different bills since 1986 and passed some version of reform on a couple of occasions, no new legislation has been adopted since 1979. Though there is consensus that the FECA is no longer working, there is wide disagreement as to how the problems should be fixed. Disagreements over the desirability and potential effects of such proposals as spending limits in House and Senate races, public subsidies at the congressional level, restrictions on PAC contributions, and the most effective means of eliminating soft money have produced more heat than light, often resulting in partisan gridlock or unresolvable differences between the upper and lower chambers of Congress.

History suggests that the best prospects for reform are when a new Congress faces some major financial controversy or scandal that has taken place in the previous election. The 105th Congress thus offers a new hope for reform. The unprecedented financial activities of 1996 have clearly demonstrated that the current regulatory scheme is broken; the allegations of illegal and improper fundraising at the national level have created the most notable controversy since the Watergate scandal twenty-five years ago. Whether this will produce a new system of regulation or further innovation in campaign funding remains to be seen. Regardless of what happens, history suggests that questions concerning the role of money and politics will continue to be a regularly recurring feature of our nation's political landscape.

DOCUMENT 2.1 Tillman Act of 1907, 34 Stat. 864 (January 26, 1907)

The Tillman Act of 1907 was the first of the electoral reform acts aimed at reducing the growing influence of large donations in federal election campaigns. The act made it illegal for corporations and national banks to make financial contributions to candidates for federal office.

An Act to prohibit corporations from making money contributions in connection with political elections.

Be it enacted, That it shall be unlawful for any national bank, or any corporation organized by authority of any laws of Congress, to make a money contribution in connection with any election to any political office. It shall also be unlawful for any corporation whatever to make a money contribution in connection with any election at which Presidential and Vice-Presidential electors or a Representative in Congress is to be voted for or any election by any State legislature of a United States Senator. Every corporation which shall make any contribution in violation of the foregoing provisions shall be subject to a fine not exceeding five thousand dollars, and every officer or director of any corporation who shall consent to any contribution by the corporation in violation of the foregoing provisions shall upon conviction be punished by a fine of not exceeding one thousand and not less than two hundred and fifty dollars, or by imprisonment for a term of not more than one year, or both such fine and imprisonment in the discretion of the court.

Publicity Act of 1910, 36 Stat. 822 (June 25, 1910)	DOCUMENT 2.2

The Publicity Act of 1910 was the first act to require disclosure of campaign receipts and expenditures in House elections. The law required national party committees and committees operating in two or more states to file postelection financial disclosure reports. Excerpts of the law follow.

An Act providing for publicity of contributions made for the purpose of influencing elections at which Representatives in Congress are elected.

Be it enacted, That the term "political committee" under the provisions of this Act shall include the national committees of all political parties and the national congressional campaign committees of all political parties and all committees, associations, or organizations which shall in two or more States influence the result or attempt to influence the result of an election at which Representatives in Congress are to be elected.

SEC. 2. That every political committee as defined in this Act shall have a chairman and a treasurer. It shall be the duty of the treasurer to keep a detailed and exact account of all money or its equivalent received by or promised to such committee or any member thereof, or by or to any person acting under its authority or in its behalf, and the name of every person, firm, association, or committee from whom received, and of all expenditures, disbursements, and promises of payment or disbursement made by the committee or any member thereof, or by any person acting under its authority or in its behalf, and to whom paid, distributed, or disbursed. No officer or member of such committee, or other person acting under its authority or in its behalf, shall receive any money or its equivalent, or expend or promise to expend any money on behalf of such committee, until after a chairman and treasurer of such committee shall have been chosen.

SEC. 3. That every payment or disbursement made by a political committee exceeding ten dollars in amount be evidenced by a receipted bill stating the particulars of expense, and every such record, voucher, receipt, or account shall be preserved for fifteen months after the election to which it relates.

SEC. 4. That whoever, acting under the authority or in behalf of such political committee, whether as a member thereof or otherwise, receives any contribution, payment, loan, gift, advance, deposit, or promise of money or its equivalent shall, on demand, and in any event within five days after the receipt of such contribution, payment, loan, gift, advance, deposit, or promise, render to the treasurer of such political committee a detailed account of the same, together with the name and address from whom

received, and said treasurer shall forthwith enter the same in a ledger or record to be kept by him for that purpose.

SEC. 5. That the treasurer of every such political committee shall, within thirty days after the election at which Representatives in Congress were chosen in two or more States, file with the Clerk of the House of Representatives at Washington, District of Columbia, an itemized, detailed statement, sworn to by said treasurer and conforming to the requirements of the following section of this Act. The statement so filed with the Clerk of the House of Representatives shall be preserved by him for fifteen months, and shall be a part of the public records of his office, and shall be open to public inspection.

. . .

SEC. 10. That every person willfully violating any of the foregoing provisions of this Act shall, upon conviction, be fined not more than one thousand dollars or imprisoned not more than one year, or both.

1911 Amendments to the Publicity Act, 37 Stat. 25 (August 19, 1911) DOCUMENT 2.3

The Publicity Act Amendments of 1911 extended financial disclosure and initiated the first spending limits for federal campaigns. Disclosure was extended to include primaries and conventions and the amendments required preelection as well as postelection disclosure of campaign finances by both Senate and House campaigns. In addition, it was the first law to limit House and Senate campaign expenditures. Excerpts of the amendments follow.

An Act to amend an act entitled "An act providing for publicity of contributions made for the purpose of influencing elections at which Representatives in Congress are elected" and extending the same to candidates for nomination and election to the offices of Representative and Senator in the Congress of the United States and limiting the amount of campaign expenses.

Be it enacted, That sections five, six, and eight of an Act entitled "An Act providing for publicity of contributions made for the purpose of influencing elections at which Representatives in Congress are elected," . . . be . . . amended to read as follows:

SEC. 5. That the treasurer of every such political committee shall, not more than fifteen days and not less than ten days next before an election at which Representatives in Congress are to be elected in two or more States, file in the office of the Clerk of the House of Representatives at Washington, District of Columbia, with said Clerk, an itemized detailed statement; and on each sixth day thereafter until such election said treasurer shall file with said Clerk a supplemental itemized detailed statement. Each of said statements shall conform to the requirements of the following section of this Act, except that the supplemental statement herein required need not contain any item of which publicity is given in a previous statement. Each of said statements shall be full and complete, and shall be signed and sworn to by said treasurer.

"It shall also be the duty of said treasurer to file a similar statement with said Clerk within thirty days after such election, such final statement also to be signed and sworn to by said treasurer and to conform to the requirements of the following section of this Act. The statements so filed with the Clerk of the House shall be preserved by him for fifteen months and shall be a part of the public records of his office and shall be open to public inspection.

. . .

SEC. 8. The word 'candidate' as used in this section shall include all persons whose names are presented for nomination for Representative or Senator in the Congress of the United States at any primary

election or nominating convention, or for indorsement or election at any general or special election held in connection with the nomination or election of a person to fill such office, whether or not such persons are actually nominated, indorsed, or elected.

"Every person who shall be a candidate for nomination at any primary election or nominating convention, or for election at any general or special election, as Representative in the Congress of the United States, shall, not less than ten nor more than fifteen days before the day for holding such primary election or nominating convention, and not less than ten nor more than fifteen days before the day of the general or special election at which candidates for Representatives are to be elected, file with the Clerk of the House of Representatives at Washington, District of Columbia, a full, correct, and itemized statement of all moneys and things of value received by him or by anyone for him with his knowledge and consent, from any source, in aid or support of his candidacy together with the names of all those who have furnished the same in whole or in part; and such statement shall contain a true and itemized account of all moneys and things of value given, contributed, expended, used, or promised by such candidate, or by his agent, representative, or other person for and in his behalf with his knowledge and consent, together with the names of all those to whom any and all such gifts, contribution, payments, or promises were made, for the purpose of procuring his nomination or election.

"Every person who shall be a candidate for nomination at any primary election or nomination convention, or for indorsement at any general or special election or election by the legislature of any State, as Senator in the Congress of the United States, shall, not less than ten nor more than fifteen days before the day for holding such primary election or nominating convention, and not less than ten nor more than fifteen days before the day of the general or special election at which he is seeking indorsement, and not less than five nor more than ten days before the day upon which the first vote is to be taken in the two houses of the legislature before which he is a candidate for election as Senator, file with the Secretary of the Senate at Washington, District of Columbia, a full, correct, and itemized statement of all moneys and things of value received by him or by anyone for him with his knowledge and consent, from any source, in aid or support of his candidacy, together with the names of all those who have furnished the same in whole or in part; and such statement shall contain a true and itemized account of all moneys and things of value given, contributed, expended, used, or promised by such candidate, or by his agent, representative, or other person for and in his behalf with his knowledge and consent, together with the names of all those to whom any and all such gifts, contribution, payments, or promises were made for the purpose of procuring his nomination or election.

"Every such candidate for nomination at any primary election or nominating convention, or for indorsement or election at any general or special election, or for election by the legislature of any State, shall, within fifteen days after such primary election or nominating convention, and within thirty days after any such general or special election, and within thirty days after the day upon which the legislature shall have elected a Senator, file with the Clerk of the House of Representatives or with the Secretary of the Senate, as the case may be, a full, correct, and itemized statement of all moneys and things of value received by him or by anyone for him with his knowledge and consent, from any source, in aid or support of his candidacy, together with the names of all those who have furnished the same in whole or in part; and such statement shall contain a true and itemized account of all moneys and things of value given, contributed, expended, used, or promised by such candidate, or by his agent, representative, or other person for and in his behalf with his knowledge and consent, up to, on and after the day of such primary election, nominating convention, general or special election, or election by the legislature, to-

gether with the names of all those to whom any and all such gifts, contributions, payments, or promises were made for the purpose of procuring his nomination, indorsement, or election.

"Every such candidate shall include therein a statement of every promise or pledge made by him, or by any one for him with his knowledge and consent or to whom he has given authority to make any such promise or pledge, before the completion of any such primary election or nominating convention or general or special election or election by legislature, relative to the appointment or recommendation for appointment of any person to any position of trust, honor, or profit, either in the county, State, or Nation, or in any political subdivision thereof, or in any private or corporate employment, for the purpose of procuring the support of such person or of any person in his candidacy, and if any such promise or pledge shall have been made the name or names, the address or addresses, and the occupation or occupations, of the person or persons to whom such promise or pledge shall have been made, shall be stated, together with a description of the position relating to which such promise or pledge has been made. In the event that no such promise or pledge has been made by such candidate, that fact shall be distinctly stated.

"No candidate for Representative in Congress or for Senator of the United States shall promise any office or position to any person, or to use his influence or to give his support to any person for any office or position for the purpose of procuring the support of such person, or of any person, in his candidacy; nor shall any candidate for Senator of the United States give, contribute, expend, use, or promise any money or thing of value to assist in procuring the nomination of election of any particular candidate for the legislature of the State in which he resides, but such candidate may, within the limitation and restrictions and subject to the requirements of this act, contribute to political committees having charge of the disbursement of campaign funds.

"No candidate for Representative in Congress or for Senator of the United States shall give, contribute, expend, use, or promise, or cause to be given, contributed, expended, used, or promised, in procuring his nomination and election, any sum, in the aggregate, in excess of the amount which he may lawfully give, contribute, expend, or promise under the laws of the State in which he resides: *Provided*, That no candidate for Representative in Congress shall give, contribute, expend, use, or promise any sum, in the aggregate, exceeding five thousand dollars in any campaign for his nomination and election; and no candidate for Senator of the United States shall give, contribute, expend, use, or promise any sum, in the aggregate, exceeding ten thousand dollars in any campaign for his nomination and election: *Provided further*, That money expended by any such candidate to meet and discharge any assessment, fee, or charge made or levied upon candidates by the laws of the State in which he resides, or for his necessary personal expenses, incurred for himself alone, for travel and subsistence, stationery and postage, writing or printing (other than in newspapers), and distributing letters, circulars, and posters, and for telegraph and telephone service, shall not be regarded as an expenditure within the meaning of this section, and shall not be considered any part of the sum herein fixed as the limit of expense and need not be shown in the statements herein required to be filed. . . ."

DOCUMENT 2.4 Federal Corrupt Practices Act, 1925, 43 Stat. 1070 (February 28, 1925)

The Federal Corrupt Practices Act of 1925 repealed and replaced provisions of the Publicity Acts of 1910 and 1911. The law broadened disclosure by requiring quarterly financial filings of House and Senate candidates and political committees operating in multiple states and districts. The law also raised campaign spending limits and limited the amount of expenditures that congressional candidates could spend on their campaigns. Due to the Supreme Court decision in 1921 (*Newberry* v. *United States*, 256 U.S. 232), which ruled that Congress did not have the authority to regulate primary election campaigns, the provisions regulating campaign expenditures in this 1925 act applied only to general elections.

SEC. 301. This title may be cited as the "Federal Corrupt Practices Act, 1925."

SEC. 302. When used in this title—

(a) The term "election" includes a general or special election, and, in the case of a Resident Commissioner from the Philippine Islands, an election by the Philippine Legislature, but does not include a primary election or convention of a political party;

(b) The term "candidate" means an individual whose name is presented at an election for election as Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, whether or not such individual is elected;

(c) The term "political committee" includes any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice presidential electors (1) in two or more States, or (2) whether or not in more than one State if such committee, association, or organization (other than a duly organized State or local committee of a political party) is a branch or subsidiary of a national committee, association, or organization;

(d) The term "contribution" includes a gift, subscription, loan, advance, or deposit, of money, or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make a contribution;

(e) The term "expenditure" includes a payment, distribution, loan, advance, deposit, or gift, of money, or any thing of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure;

(f) The term "person" includes an individual, partnership, committee, association, corporation, and any other organization or group of persons;

(g) The term "Clerk" means the Clerk of the House of Representatives of the United States;
(h) The term "Secretary" means the Secretary of the Senate of the United States;
(i) The term "State" includes Territory and possession of the United States;

SEC. 303. (a) Every political committee shall have a chairman and a treasurer. No contribution shall be accepted, and no expenditure made, by or on behalf of a political committee for the purpose of influencing an election until such chairman and treasurer have been chosen.

(b) It shall be the duty of the treasurer of a political committee to keep a detailed and exact account of—
  (1) All contributions made to or for such committee;
  (2) The name and address of every person making any such contribution, and the date thereof;
  (3) All expenditures made by or on behalf of such committee; and
  (4) The name and address of every person to whom any such expenditure is made, and the date thereof.

(c) It shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure by or on behalf of a political committee exceeding $10 in amount. The treasurer shall preserve all receipted bills and accounts required to be kept by this section for a period of at least two years from the date of the filing of the statement containing such items.

SEC. 304. Every person who receives a contribution for a political committee shall, on demand of the treasurer, and in any event within five days after the receipt of such contribution, render to the treasurer a detailed account thereof, including the name and address of the person making such a contribution, and the date on which received.

SEC. 305. (a) The treasurer of a political committee shall file with the Clerk between the 1st and 10th days of March, June, and September, in each year, and also between the 10th and 15th days, and on the 5th day, next preceding the date on which a general election is to be held, at which candidates are to be elected in two or more States, and also on the 1st day of January, a statement containing, complete as of the day next preceding the date of filing—

(1) The name and address of each person who has made a contribution to or for such committee in one or more items of the aggregate amount or value, within the calendar year, of $100 or more, together with the amount and date of such contribution;
(2) The total sum of the contributions made to or for such committee during the calendar year and not stated under paragraph (1);
(3) The total sum of all contributions made to or for such committee during the calendar year;
(4) The name and address of each person to whom an expenditure in one or more items of the aggregate amount or value, within the calendar year, of $10 or more has been made by or on behalf of such committee, and the amount, date, and purpose of such expenditure;
(5) The total sum of all expenditures made by or on behalf of such committee during the calendar year and not stated under paragraph (4);
(6) The total sum of expenditures made by or on behalf of such committee during the calendar year.

. . .

(c) The statement filed on the 1st day of January shall cover the preceding calendar year.

SEC. 306. Every person (other than a political committee) who makes an expenditure in one or more items, other than by contribution to a political committee, aggregating $50 or more within a calendar year for the purpose of influencing in two or more States the election of candidates, shall file with the Clerk an itemized detailed statement of such expenditure in the same manner as required of the treasurer of a political committee by section 305.

SEC. 307. (a) Every candidate for Senator shall file with the Secretary and every candidate for Representative, Delegate, or Resident Commissioner shall file with the Clerk not less than ten nor more than fifteen days before, and also within thirty days after, the date on which an election is to be held, a statement containing, complete as of the day next preceding the date of filing—

(1) A correct and itemized account of each contribution received by him or by any person for him with his knowledge or consent, from any source, in aid or support of his candidacy for election, or for the purpose of influencing the result of the election, together with the name of the person who has made such contribution;
(2) A correct and itemized account of each expenditure made by him or by any person for him with his knowledge or consent, in aid or support of his candidacy for election, or for the purpose of influencing the result of the election, together with the name of the person to whom such expenditure was made; except that only the total sum of expenditures for items specified in subdivision (c) of section 309 need be stated;
(3) A statement of every promise or pledge made by him or by any person for him with his consent, prior to the closing of the polls on the day of the election, relative to the appointment or recommendation for appointment of any person to any public or private position or employment for the purpose of procuring support in his candidacy, and the name, address, and occupation of every person to whom any such promise or pledge has been made, together with the description of any such position. If no such promise or pledge has been made, that fact shall be specifically stated.

(b) The statements required to be filed by subdivision (a) shall be cumulative, but where there has been no change in an item reported in a previous statement only the amount need be carried forward.
(c) Every candidate shall inclose with his first statement a report, based upon the records of the proper State official, stating the total number of votes cast for all candidates for the office which the candidate seeks, at the general election next preceding the election at which he is a candidate.

SEC. 308. A statement required by this title to be filed by a candidate or treasurer of a political committee or other person with the Clerk or Secretary, as the case may be—

(a) Shall be verified by the oath or affirmation of the person filing such statement, taken before any officer authorized to administer oaths;
(b) Shall be deemed properly filed when deposited in an established post office within the prescribed time, duly stamped, registered, and directed to the Clerk or Secretary at Washington, District of Columbia, but in the event it is not received, a duplicate of such statement shall be promptly filed upon notice by the Clerk or Secretary of its nonreceipt;

(c) Shall be preserved by the Clerk or Secretary for a period of two years from the date of filing, shall constitute a part of the public records of his office, and shall be open to public inspection.

SEC. 309. (a) A candidate, in his campaign for election, shall not make expenditures in excess of the amount which he may lawfully make under the laws of the state in which he is a candidate, nor in excess of the amount which he may lawfully make under the provisions of this title.

(b) Unless the laws of his State prescribe a less amount as the maximum limit of campaign expenditures, a candidate may make expenditures up to—
  (1) The sum of $10,000 if a candidate for Senator, or the sum of $2,500 if a candidate for Representative, Delegate, or Resident Commissioner; or
  (2) An amount equal to the amount obtained by multiplying three cents by the total number of votes cast at the last general elections for all candidates for the office which the candidate seeks, but in no event exceeding $25,000 if a candidate for Senator or $5,000 if a candidate for Representative, Delegate, or Resident Commissioner.

(c) Money expended by a candidate to meet and discharge any assessment, fee, or charge made or levied upon candidates by the laws of the State in which he resides, or expended for his necessary personal, traveling, or subsistence expenses, or for stationery, postage, writing, or printing (other than for use on billboards or in newspapers), for distributing letters, circulars, or posters, or for telegraph or telephone service, shall not be included in determining whether his expenditures have exceeded the sum fixed by paragraph (1) or (2) of subdivision (b) as the limit of campaign expenses of a candidate.

SEC. 310. It is unlawful for any candidate to directly or indirectly promise or pledge the appointment, or the use of his influence or support for the appointment of any person to any public or private position or employment, for the purpose of procuring support in his candidacy.

SEC. 311. It is unlawful for any person to make or offer to make an expenditure, or to cause an expenditure to be made or offered, to any person, either to vote or withhold his vote, or to vote for or against any candidate, and it is unlawful for any person to solicit, accept, or receive any such expenditure in consideration of his vote or the withholding of his vote.

SEC. 312. Section 118 of the act entitled "An Act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909 is amended to read as follows:

"SEC. 118. It is unlawful for any Senator or Representative in, or Delegate or Resident Commissioner, or any officer or employee of the United States, or any person receiving any salary or compensation for services from money derived from the Treasury of the United States, to directly or indirectly solicit, receive, or be in any manner concerned in soliciting or receiving, any assessment, subscription, or contribution for any political purpose whatever, from any other such officer, employee, or person."

SEC. 313. It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution in connection with any election to any political office, or for any corporation whatever to make a contribution in connection with any election at which presidential and

vice presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to, Congress are to be voted for, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section. Every corporation which makes any contribution in violation of this section shall be fined not more than $5,000; and every officer or director of any corporation who consents to any contribution by the corporation in violation of this section shall be fined not more than $1,000, or imprisoned not more than one year, or both.

SEC. 314. (a) Any person who violates any of the foregoing provisions of this title, except those for which a specific penalty is imposed by sections 312 and 313, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

(b) Any person who willfully violates any of the foregoing provisions of this title, except those for which a specific penalty is imposed by section 312 and 313, shall be fined not more than $10,000 and imprisoned not more than two years.

SEC. 315. This title shall not limit or affect the right of any person to make expenditures for proper legal expenses in contesting the results of an election.

SEC. 316. This title shall not be construed to annul the laws of any State relating to the nomination or election of candidates, unless directly inconsistent with the provisions of this title, or to exempt any candidate from complying with such State laws.

SEC. 317. If any provision of this title or application thereof to any person or circumstance is held invalid, the validity or the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 318. The following Acts and parts of Acts are hereby repealed: the Act entitled “An Act providing for publicity of contributions made for the purpose of influencing elections at which Representatives in Congress are elected,” approved June 25, 1910 (chapter 392, Thirty-sixth Statutes, page 822), and the Acts amendatory thereof, approved August 19, 1911 (chapter 33, Thirty-seventh Statutes, page 25) and August 23, 1912 (chapter 349, Thirty-seventh Statutes, page 360); the Act entitled “An Act to prevent corrupt practices in the election of Senators, Representatives, or Delegates in Congress,” approved October 16, 1918 (chapter 187, Fortieth Statutes, page 1013); and section 83 of the Criminal Code of the United States, approved March 4, 1909 (chapter 321, Thirty-fifth Statutes, page 1088).

SEC. 319. This title shall take effect thirty days after its enactment.

1940 Amendments to the Hatch Act, 54 Stat. 767 (July 19, 1940) DOCUMENT 2.5

The Hatch Act Amendments of 1940 imposed the first yearly limit on individual contributions to federal candidates or national party committees. The amendments also placed a limit on the total amount that a national party committee operating in two or more states could receive or spend in a year.

An Act to extend to certain officers and employees in the several States and the District of Columbia the provisions of the Act entitled "An Act to prevent pernicious political activities," approved August 2, 1939.

Be it enacted, That . . . the Act entitled "an Act to prevent pernicious political activities," approved August 2, 1939, is amended to read as follows: . . .

"SEC. 13. (a) It is hereby declared to be a pernicious political activity, and it shall hereafter be unlawful, for any person, directly or indirectly, to make contributions in an aggregate amount in excess of $5,000, during any calendar year, or in connection with any campaign for nomination or election, to or on behalf of any candidate for an elective Federal office (including the offices of President of the United States and Presidential and Vice Presidential electors), or to or on behalf of any committee or other organization engaged in furthering, advancing or advocating the nomination or election of any candidate for any such office or the success of any national political party. This subsection shall not apply to contributions made to or by a State or local committee or other State or local organization.

"(b) For the purposes of this section—

"(1) The term 'person' includes an individual, partnership, committee, association, corporation, and any other organization or group of persons.

"(2) The term 'contribution' includes a gift, subscription, loan, advance, or deposit of money, or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make a contribution.

"(c) It is further declared to be a pernicious political activity, and it shall hereafter be unlawful for any person, individual, partnership, committee, association, corporation, and any other organization or group of persons to purchase or buy any goods, commodities, advertising, or articles of any kind or description where the proceeds of such a purchase, or any portion thereof, shall directly or indirectly inure to the benefit of or for any candidate for an elective Federal office (including the offices of President of the United States, and Presidential and Vice Presidential electors) or any political committee or other political organization engaged in furthering, advancing, or advocating the nomination or election of any candidate for any such office or the success of any

national political party: *Provided*, That nothing in this sentence shall be construed to interfere with the usual and known business, trade, or profession of any candidate.

"(d) Any person who engages in a pernicious political activity in violation of any provision of this section, shall upon conviction thereof be fined not more than $5,000 or imprisoned for not more than five years. In all cases of violations of this section by a partnership, committee, association, corporation, or other organization or group of persons, the officers, directors, or managing heads thereof who knowingly and willfully participate in such violation, shall be subject to punishment as herein provided.

"(e) Nothing in this section shall be construed to permit the making of any contribution which is prohibited by any provision of law in force on the date this section takes effect. Nothing in this Act shall be construed to alter of amend any provisions of the Federal Corrupt Practices Act of 1925, or any amendments thereto. . . .

SEC. 6. Such Act of August 2, 1939, is further amended by adding at the end thereof the following new section:

"SEC. 20. No political committee shall receive contributions aggregating more than $3,000,000, or make expenditures aggregating more than $3,000,000, during any calendar year. For the purposes of this section, any contributions received and any expenditures made on behalf of any political committee with the knowledge and consent of the chairman or treasurer of such committee shall be deemed to be received or made by such committee. Any violation of this section by any political committee shall be deemed also to be a violation of this section by the chairman and the treasurer of such committee and by any other person responsible for such violation. Terms used in this section shall have the meaning assigned to them in section 302 of the Federal Corrupt Practices Act, 1925, and the penalties provided in such Act shall apply to violations of this section."

Taft-Hartley Act of 1947, 61 Stat. 136 (June 23, 1947) — DOCUMENT 2.6

The Taft-Hartley Act of 1947 made permanent the ban on labor union contributions to federal election campaigns.

An Act to amend the National Labor Relations Act, to provide additional facilities for the mediation of labor disputes affecting commerce, to equalize legal responsibilities of labor organizations and employers, and for other purposes. . . .

SEC. 304. Section 313 of the Federal Corrupt Practices Act, 1925 (U.S.C., 1940 edition, title 2, sec. 251; Supp. V, title 50, App., sect. 1509), is amended to read as follows:

"SEC. 313. It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization to make a contribution or expenditure in connection with any election at which Presidential and Vice Presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section. Every corporation or labor organization which makes any contribution or expenditure in violation of this section shall be fined not more than $5,000; and every officer or director of any corporation, or officer of any labor organization, who consents to any contribution or expenditure by the corporation or labor organization, as the case may be, in violation of this section shall be fined not more than $1,000 or imprisoned for not more than one year, or both. 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 exists 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. . . ."

DOCUMENT 2.7 Revenue Act of 1971: A Summary

The Revenue Act of 1971 (Public Law 92-178) was signed into law by President Richard Nixon on December 10, 1971 . This legislation, along with the Federal Election Campaign Act of 1971 (document 2.8), laid the foundation for the modern system of presidential campaign finance. The Revenue Act revived the tax checkoff and campaign fund provisions of the 1966 Presidential Election Campaign Fund Act, which was adopted as an amendment to the Foreign Investors Tax Act of 1966 (Public Law 89-809) but was effectively terminated before becoming operative in 1967. As enacted, the act allowed a taxpayer to earmark a checkoff contribution to the candidate of a specified party or direct that it be placed in a nonpartisan general account. To avoid a threatened veto by President Nixon, implementation of this tax checkoff provision was delayed until the 1972 tax year. This postponed the collection of revenues until 1973 and made the law's public subsidy program effective for the 1976 presidential campaign. But the Federal Election Campaign Act of 1974 (document 2.9) changed the terms of the program before it was fully implemented.

The 1971 Revenue Act created the Presidential Election Campaign Fund, a separate account in the U.S. Treasury, and established a voluntary checkoff provision on individual federal income tax returns to allow individuals to designate $1 of their tax payments (or $2 for married couples filing jointly) to the fund. Monies from the fund would be used to provide public subsidies to the campaigns of presidential candidates who met certain eligibility requirements. The act also provided for a system of federal income tax credits for political contributions to candidates for federal, state, and local office, and to some political committees, including national, state, and local committees of a national political party. Individuals who make a financial contribution to a candidate for federal, state, or local office could claim a federal income tax credit for 50 percent of their contribution, up to a maximum of $12.50 on a single return and $25 on a joint return. Alternatively, a political contributor could claim a tax deduction for the full amount of any contributions, up to a maximum of $50 on an individual return and $100 on a joint return.

The act also established the requirements for determining public subsidies to presidential general election campaigns in accordance with the provisions of the Federal Election Campaign Act of 1971. Presidential candidates were eligible to receive subsidies from the Presidential Election Campaign Fund if they agreed to abide by the act's statutory restrictions. The principal restrictions were that candidates adhere to an overall spending limit of $0.15 multiplied by the voting-age population of the United States and, for major party candidates (defined as those whose party received more than 25 percent of

---

Documents 2.7 through 2.12 were prepared by Anthony Corrado, in part from his essays that appeared in L. Sandy Maisel, ed., *Political Parties and Elections in the United States: An Encyclopedia,* vols. 1 and 2 (New York: Garland Publishing, 1991).

the popular vote in the previous presidential election), that they not accept contributions beyond the public subsidy. These candidates were eligible for a grant equal to the overall spending limit. Minor party candidates (defined as those whose party received between 5 and 25 percent of the popular vote in the previous presidential election) were eligible for a fraction of the major party grant, based on the party's vote in the previous election compared with the average vote received by the major parties. Candidates of new parties or of minor parties who reached the eligibility threshold in the current election were entitled to postelection subsidies based on their share of the vote compared with the average vote for the major party candidates. If the balance in the fund was insufficient for the full costs allowed under the law, funds would be distributed to the candidates on a prorated basis. The act granted the Comptroller General the responsibility of certifying payments from the fund, receiving and publishing disclosure reports, and enforcing the law.

Since its adoption the act has been amended a number of times. In a 1973 amendment to legislation continuing a temporary debt ceiling, Congress made two changes to the checkoff provision to simplify its implementation and promote public participation: the option of earmarking the contribution to a specific party was repealed, and the Internal Revenue Service was directed to place the checkoff in a visible location on tax forms. The allowable tax credit for political contributions was increased to $25 on an individual return and $50 on a joint return by the Tariff Schedules Amendments of 1975, doubled again by the Revenue Act of 1978 (document 2.11), and repealed by the Tax Reform Act of 1986. The tax deductions allowed under the law were doubled under the 1974 Federal Election Campaign Act Amendments and repealed by the Revenue Act of 1978.

The public financing program and the statutory provisions governing the Presidential Election Campaign Fund have undergone a number of modifications as a result of the 1974 Federal Election Campaign Act Amendments, the subsequent amendments of 1976 and 1979 (documents 2.10 and 2.12), and legislation concerning the public financing of national nomination conventions (Public Law 98-355). The thrust of these legislative amendments has been to expand the public subsidy program to include presidential primaries and nominating conventions and to alter the formula for determining general election subsidies.

DOCUMENT 2.8 Federal Election Campaign Act of 1971: A Summary

The Federal Election Campaign Act of 1971 (Public Law 92-225) was signed into law by President Richard Nixon on February 7, 1972, and went into effect sixty days later, on April 7, 1972. The legislation sought to restrict rising campaign costs and strengthen the campaign reporting requirements of federal law. It therefore combined two different approaches to reform. The first part of the law established detailed spending limits for all federal campaigns, while the second part imposed strict public disclosure procedures on federal candidates and political committees.

The Federal Election Campaign Act's major provisions limited personal contributions, established specific ceilings for media expenditures, and required full public disclosure of campaign receipts and disbursements. The act imposed ceilings on personal contributions by candidates and their immediate families of $50,000 for presidential and vice presidential candidates, $35,000 for Senate candidates, and $25,000 for House candidates. It limited the amounts candidates for federal office could spend on radio, television, cable television, newspapers, magazines, and automated telephone systems in any primary, runoff, special, or general election to $50,000 or $0.10 times the voting-age population of the jurisdiction covered by the election, whichever was greater. In addition, the act declared that no more than 60 percent of a candidate's overall media spending could be devoted to radio and television advertising. These limits were to apply separately to primary and general elections and were indexed to reflect increases in the Consumer Price Index.

These ceilings governed all media spending in the 1972 primaries and general elections. As practiced, House candidates could spend no more than $52,150 for all media outlays in an election and a maximum of $31,290 on radio and television. Because of the differences in state voting populations, the limits for Senate candidates varied, ranging from $52,150 in sparsely populated states such as Alaska and Montana (of which $31,290 could be spent on radio and television) to $1.4 million in California (of which $850,000 could be spent on radio and television). Presidential candidates were limited to $14.3 million in overall expenditures, of which no more than $8.58 million could be spent on radio and television.

In the area of disclosure, the act required every candidate or political committee active in a federal campaign to file a quarterly report of receipts and expenditures. These reports were to list any contribution or expenditure of $100 or more and include the name, address, occupation, and principal place of business of the donor or recipient. During election years, additional reports had to be filed fifteen days and five days before an election, and any contribution of $5,000 or more had to be reported within forty-eight hours of its receipt. The reports were to be filed with the secretary of state of the state in which campaign activities took place and with the appropriate federal officer, as established under the act. For the latter purpose, House candidates filed with the Clerk of the House, Senate candidates with the Secretary of the Senate, and presidential candidates with the General Accounting Office. All reports had to be made available for public inspection within forty-eight hours of being received.

Federal Election Campaign Act Amendments of 1974: A Summary

DOCUMENT 2.9

The Federal Election Campaign Act Amendments of 1974 (Public Law 93-443), were signed into law by President Gerald Ford on October 15, 1974. Though technically a set of amendments to the 1971 Federal Election Campaign Act (FECA) (document 2.8), this legislation stands as the most comprehensive reform of the campaign finance system ever adopted. It significantly strengthened the disclosure provisions of the 1971 law and enacted unprecedented limits on contributions and expenditures in federal elections. It introduced the first use of public financing at the national level by establishing optional public funding in presidential general election campaigns and a system of federal matching grants in presidential primary campaigns. It also created an independent agency, the Federal Election Commission, to administer and enforce campaign finance regulations.

The 1974 law was a direct result of the experience in the 1972 elections. The abuses revealed by the investigations surrounding the Watergate scandal and the continuing increase in campaign costs convinced the Congress that a more extensive regulatory scheme than that adopted in 1971 was necessary. Accordingly, the media spending ceilings established by the 1971 act were abolished and replaced with stringent limits on campaign expenditures. Under the new provisions, Senate candidates could spend no more than $100,000 or $0.08 times the voting-age population of the state in a primary election, whichever was greater, and no more than $150,000 or $0.12 times the voting-age population in a general election, whichever was greater. House candidates in multidistrict states were limited to total expenditures of $70,000 in each primary and general election. Those in states with a single representative were subject to the ceilings established for Senate candidates.

Presidential candidates were restricted to $10 million in a nomination campaign and $20 million in a general election. The amount they could spend in a state primary election was also limited to no more than twice the sum that a Senate candidate in that state could spend. All of these ceilings were indexed to reflect increases in the Consumer Price Index, and candidates were allowed to spend up to an additional 20 percent of the spending limit for fundraising costs. This latter provision was instituted in recognition of the added fundraising burden placed on candidates as a result of the contribution limits imposed by the act, which required that they finance their campaigns through small contributions.

The amendments also set limits on the amounts national party committees could expend on behalf of candidates. These organizations were allowed to spend no more than $10,000 per candidate in House general elections; the greater of $20,000 or $0.02 times the voting-age population for each candidate in Senate general elections; and $0.02 times the voting-age population (approximately $2.9 million) for their presidential candidate. The amount a party committee could spend on its national nominating convention was also restricted. Each of the major parties (defined as a party whose candidates received more than 25 percent of the popular vote in the previous election) was limited to $2 million in conven-

tion expenditures. Minor parties (defined as parties whose candidates received between 5 and 25 percent of the popular vote in the previous election) were limited to lesser amounts.

The legislation retained the contribution limits placed on candidates and their immediate families by the FECA and established additional restrictions designed to eliminate the potentially corruptive influence of large donors. An individual was allowed to contribute no more than $1,000 per candidate in any primary, runoff, or general election and could not exceed $25,000 in annual aggregate contributions to all federal candidates. Donations by political committees—in particular, the political action committees that the law sanctioned for use by labor unions and other groups of individuals—were limited to $5,000 per election for each candidate, with no aggregate limit. Independent expenditures made on behalf of a candidate were limited to $1,000 a year, and cash donations in excess of $100 were prohibited.

The most innovative aspect of the 1974 law was the creation of a public financing system for presidential election campaigns financed from the tax checkoff receipts deposited in the Presidential Election Campaign Fund. The legislation established a program of voluntary public financing for presidential general elections in which major party candidates could receive the full amount authorized by the spending limit ($20 million) if they agreed to eschew private donations. Minor party candidates could receive a proportionate share of this amount, with the size of their subsidy determined on the basis of the proportion of the vote they received in the previous election compared with the average vote of the major parties. New parties and minor parties could also qualify for postelection funds on the same proportional basis if their percentage of the vote in the current election entitled them to a larger subsidy than the grant generated by their vote in the previous election.

In the primary election, presidential candidates were eligible for public matching funds if they fulfilled certain fundraising requirements. To qualify, a candidate had to raise at least $5,000 in contributions of $250 or less in at least twenty states. Eligible candidates would then receive public monies on a dollar-for-dollar basis for the first $250 contributed by an individual, provided that the contribution was received after January 1 of the year before the election year. The maximum amount a candidate could receive in such payments was half of the spending limit, or $5 million under the original terms of the act. In addition, national party committees were given the option of financing their nominating conventions with public funds. Major parties could receive the entire amount authorized by the spending limit ($2 million), while minor parties were eligible for lesser amounts based on their proportion of the vote in the previous election.

Finally, the bill included a number of amendments designed to strengthen the disclosure and enforcement procedures of the 1971 act. The most important of these was the provision creating the Federal Election Commission, a six-member, full-time, bipartisan agency responsible for administering election laws and implementing the public financing program. This agency was empowered to receive all campaign reports, promulgate rules and regulations, make special and regular reports to Congress and the president, conduct audits and investigations, subpoena witnesses and information, and seek civil injunctions to ensure compliance with the law.

To assist the Commission in its task, the amendments tightened the FECA's disclosure and reporting requirements. All candidates were required to establish one central campaign committee through which all contributions and expenditures had to be reported. They were also required to disclose the bank depositories authorized to receive campaign funds. The reporting procedures mandated that each campaign file a complete report of its financial activities with the Federal Election Commission within ten days of the close of each quarter and ten days before and thirty days after every election, unless the com-

mittee received or spent less than $1,000 in the quarter. In nonelection years, each committee had to file a year-end report of its receipts and expenditures. Furthermore, contributions of $1,000 or more received within fifteen days of an election had to be reported to the Commission within forty-eight hours.

The initial implementation of the act was complicated first by President Ford's delay in appointing members to the Federal Election Commission and then by the Supreme Court's decision in *Buckley* v. *Valeo,* 424 U.S. 1 (1976) (document 3.1), which deemed certain provisions unconstitutional and forced Congress to adopt further amendments in the midst of the 1976 elections. In particular, the Court ruled against the spending limits established for House and Senate candidates and the contribution limit for independent expenditures, which substantially weakened the potential efficacy of the act. The decision also struck down the original method of appointing members of the Federal Election Commission. Under the 1974 legislation, the president, the Speaker of the House, and the president pro tempore of the Senate each appointed two of the six commissioners. The Court ruled that this method was unconstitutional since four of the six members were appointed by Congress but exercised executive powers. As a result, the Federal Election Commission was prohibited from enforcing the law or certifying public matching fund payments until it was reconstituted under a constitutional appointment process. The law was changed to provide for appointment by the president with confirmation by the Senate. In May 1976, the Commission was reconstituted and resumed full activity.

DOCUMENT 2.10 Federal Election Campaign Act Amendments of 1976: A Summary

In January 1976, the Supreme Court issued its opinion in *Buckley* v. *Valeo,* 424 U.S. 1 (1976) (document 3.1), which ruled unconstitutional several major provisions of the Federal Election Campaign Act Amendments of 1974 (document 2.9). The Court's decision forced Congress to reconsider the campaign finance legislation it had enacted less than two years earlier. Since the 1976 election was already under way, President Gerald Ford asked for a bill that simply reconstituted the Commission. But the Congress, still in the grips of a climate of reform, decided to draft a more extensive bill that included revisions in the public financing program, contribution limits, and disclosure procedures established under the 1974 amendments. As a result, the bill President Ford signed into law in May 1976 (Public Law 94-283) did more than revise the regulations to accommodate the Court's ruling.

The law's basic provision changed the method of appointing Federal Election Commissioners. The original process gave the President, Speaker of the House, and President pro tempore of the Senate the right to appoint two members apiece, each of different parties, subject to congressional approval. The new legislation called for the appointment of all six members by the President, subject to Senate confirmation. The act also increased the Commission's ability to enforce the law by granting it the exclusive authority to prosecute civil violations of the law and jurisdiction over violations previously covered only in the criminal code. But, at the same time, it placed checks on the Commission's ability to act by requiring an affirmative vote of four members to issue regulations and initiate civil actions, by restricting advisory opinions to specific fact situations, and by giving Congress the power to disapprove proposed regulations.

The Court also ruled that limits on contributions by candidates and members of their immediate families to their own campaigns were unconstitutional, unless a candidate had accepted public funding. The Congress therefore placed a new ceiling of $50,000 on such contributions, which applied only to presidential and vice presidential candidates who had received public funds. It also established limits on political contributions that were not considered in their previous legislation. The ceilings on individual contributions enacted under the 1974 act were retained and new limits of $5,000 per year on the amount an individual could donate to a political action committee and of $20,000 per year on the amount that could be given to a national party committee were adopted. The amount a political action committee could donate to a national party committee was set at $15,000 a year, and the Democratic and Republican Senatorial Campaign Committees were restricted to giving no more than $17,500 per year to a federal candidate. The act further stipulated that all political action committees created by a company or international union would be treated as a single committee for the purpose of determining compliance with contribution limits, to prevent these organizations from circumventing the law by creating multiple committees.

Since the Court struck down the 1974 law's limit on independent expenditures, the 1976 amendments included a number of reporting procedures designed to ensure the disclosure of independent spending. Any committee or individual spending more than $100 independently to advocate the election or defeat of a candidate was required to file a report of this spending with the Commission and declare, under penalty of perjury, that the expenditure was not made in collusion with a candidate. Labor unions, corporations, and membership organizations were required to report expenditures of more than $2,000 per election for communications to their stockholders or members that advocated the election or defeat of a specific candidate. In addition, any independent expenditure of $1,000 or more made within fifteen days of an election had to be reported to the Commission within twenty-four hours.

Other important changes affected the spending limits and public financing program enacted by the 1974 amendments. Congress created a minor loophole in the spending limits by exempting payments by candidate committees or national party committees for legal and accounting costs incurred through complying with the law. But each committee had to list these payments in its disclosure reports. The act also modified the provisions of the matching funds program in order to ensure that these subsidies did not encourage a losing candidate to remain in the race. Under the new provisions, a presidential candidate who received less than 10 percent of the vote in two consecutive primaries in which he or she ran would be ineligible for additional matching payments. These subsidies would be restored if that candidate received 20 percent of the vote in a later primary. The law further required that candidates who withdraw from the primary contest after receiving matching funds return any remaining public monies to the Treasury.

DOCUMENT 2.11 Revenue Act of 1978: A Summary

The Revenue Act of 1978 (Public Law 95-600) was signed into law by President Jimmy Carter on November 6, 1978. It altered the tax deductions and credits for political contributions established by the Revenue Act of 1971 (document 2.7) as modified by the Tariff Schedules Amendments of 1975. It eliminated the deduction for political giving and doubled the maximum tax credit to $50 on an individual return and $100 on a joint return. The credit was later repealed by the Tax Reform Act of 1986.

This change in the tax provisions for political contributions was adopted as a minor amendment to an $18.7 billion tax relief bill designed to offset social security and other tax increases anticipated for 1979. It was formed by a House-Senate compromise that sought to maintain an incentive for political giving while simplifying taxes and reducing the overall amount of the tax cut to meet administration budget objectives. The initial bill approved by the House repealed the deduction and retained the credit so as to provide some tax simplification, reduce tax liabilities, and maintain an incentive for political participation. The Senate amended the bill to retain the deduction and double the maximum tax credit "to further expand individual participation in the electoral process" by encouraging contributions. But members of the committee agreed to repeal the deduction if the House would accept the increase in the credit. The conference committee adopted this suggestion and included it in the bill that became law. The amendment helped to reduce the overall amount of the tax package by increasing tax revenues by a projected $3 million annually.

Federal Election Campaign Act Amendments of 1979: A Summary

DOCUMENT 2.12

The Federal Election Campaign Act Amendments of 1979 (Public Law 96-187) were enacted in response to the criticisms levied against the campaign finance regulations after the 1976 and 1978 elections. Critics charged that the detailed reporting requirements forced candidates and political committees to engage in unnecessary and burdensome paperwork. They also noted that the law reduced the role of state and local party committees in presidential elections, since both 1976 candidates had chosen to concentrate their legally limited resources on media advertising rather than grass-roots political activities. The 1979 legislation was therefore designed to ease the reporting requirements imposed on candidates and political committees and to increase volunteer and grass-roots party activity in presidential campaigns. To ensure the legislation's quick passage, Congress considered only "noncontroversial" reforms acceptable to both Houses. The final bill, which was signed into law by President Jimmy Carter on January 8, 1980, contained fewer substantive changes than the previous revisions of the act.

Many of the act's provisions were directed toward streamlining disclosure procedures. The maximum number of reports a federal candidate had to file in a two-year election cycle was reduced from twenty-four to nine. The maximum number of reports required of a Senate candidate over the six-year election cycle was reduced from twenty-eight to seventeen. The law eliminated reporting requirements for candidates who spend or receive less than $5,000. It also eliminated these requirements for those local party committees receiving less than $5,000 a year; spending less than $1,000 a year in connection with a federal election; or spending less than $5,000 a year on certain voluntary activities, such as the purchase of buttons and bumper stickers or voter registration drives. Previously, all candidates and committees involved in federal elections had been required to file reports with the Federal Election Commission. For those candidates and committees not exempted from the disclosure provisions, the threshold amount for reportable contributions and expenditures was increased from $100 to $200. This increase substantially reduced the amount of information they were required to provide to the Commission. The threshold for disclosing independent expenditures was also increased, from $100 to $250.

To enhance the role of political parties in presidential general elections, the law exempted certain types of party-related spending from the expenditure ceilings. State and local party committees were allowed to spend unlimited amounts on voter registration and get-out-the-vote activities, provided such activities were primarily conducted on behalf of the party's presidential nominee. These committees were also allowed to spend unlimited amounts on materials related to grass-roots or volunteer activities (such as buttons, bumper stickers, posters, and brochures), provided the funds used were not drawn from contributions designated for a particular candidate (see chapter 6). The amendments sought to encourage volunteer activities further by increasing the amount a volunteer could spend on travel or home entertainment on behalf of a candidate without having to report the expenses from $500 to

$1,000 and from $1,000 to $2,000 for expenses incurred through activities undertaken on behalf of a political party.

The act also included a number of miscellaneous changes. It modified the Federal Election Commission Advisory Opinion procedures and clarified certain compliance and enforcement actions. It increased the public subsidy a major political party could receive to finance its national nominating convention from $2 million to $3 million. More important, it prohibited conversion of excess campaign funds to personal use by any federal candidate or officeholder except for members of Congress in office at the time the amendments were adopted. This was already prohibited by Senate rules, which disallowed the personal use of campaign funds by both sitting and retired members of the Senate. House rules only disallowed this use of campaign funds for retired members. Individuals serving in the Congress at the time the act was proposed were concerned that the redistricting that would occur after the 1980 election might increase their chances of defeat. Some members were therefore unwilling to extend this prohibition to their own campaign funds; they apparently looked forward to receiving excess campaign funds should they lose their bid for reelection. The House version of the bill thus exempted incumbent members from this prohibition, and this provision survived in the compromise version of the bill that was finally adopted. This exemption was finally abolished in 1995 when the Federal Election Commission promulgated "personal use" regulations to govern the expenditure of leftover campaign monies.