

103^D CONGRESS
1ST SESSION

H. R. 2198

To amend the Federal Election Campaign Act of 1971 and the Internal Revenue Code of 1986 to clarify such provisions with respect to Federal elections, to reduce costs in House of Representatives elections, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 20, 1993

Mr. HUGHES introduced the following bill; which was referred jointly to the Committees on House Administration and Ways and Means

A BILL

To amend the Federal Election Campaign Act of 1971 and the Internal Revenue Code of 1986 to clarify such provisions with respect to Federal elections, to reduce costs in House of Representatives elections, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Campaign Cost Reduc-
5 tion and Reform Act of 1993”.

1 **SEC. 2. DEFINITION OF QUALIFYING HOUSE OF REP-**
2 **RESENTATIVES CANDIDATE.**

3 Section 301(19) of the Federal Election Campaign
4 Act of 1971 (2 U.S.C. 431(19)) is amended to read as
5 follows:

6 “(19) The term ‘qualifying House of Representatives
7 candidate’ means a candidate for the office of Representa-
8 tive in, or Delegate or Resident Commissioner to, the Con-
9 gress, whose principal campaign committee includes in its
10 statement of organization a declaration of intention under
11 section 303(b)(7) and, by reason of such declaration, is
12 subject to the expenditure limitations specified in section
13 315(i) or section 315(j).”.

14 **SEC. 3. AMENDMENTS TO DEFINITION OF CONTRIBUTION**
15 **RELATING TO VALUATION FORMULA AND EN-**
16 **COURAGEMENT CONTRIBUTIONS.**

17 Section 301(8)(A) of the Federal Election Campaign
18 Act of 1971 (2 U.S.C. 431(8)(A)) is amended—

19 (1) in clause (i)—

20 (A) by inserting after “anything of value”
21 the following: (such value to be determined by
22 the highest of: cost to the person making the
23 contribution, fair market value on the date of
24 acquisition by the person making the contribu-
25 tion, or fair market value on the date of the
26 contribution); and

1 (B) by striking out “or” after the semi-
2 colon;

3 (2) in clause (ii), by striking out the period and
4 inserting in lieu thereof “; and”; and

5 (3) by adding at the end the following new
6 clause:

7 “(iii) any gift, subscription, loan, advance, or
8 deposit of money or anything of value (such value to
9 be determined in the manner described in clause (i))
10 made by any person for the purpose of encouraging
11 any specific individual who is not a candidate to be-
12 come a candidate.”.

13 **SEC. 4. AMENDMENTS TO DEFINITION OF EXPENDITURE**
14 **RELATING TO VALUATION FORMULA AND EN-**
15 **COURAGEMENT EXPENDITURES.**

16 Section 301(9)(A) of the Federal Election Campaign
17 Act of 1971 (2 U.S.C. 431(9)(A)) is amended—

18 (1) in clause (i)—

19 (A) by inserting after “anything of value”
20 the following: “(such value to be determined by
21 the highest of: cost to the person making the
22 expenditure, fair market value on the date of
23 acquisition by the person making the expendi-
24 ture, or fair market value on the date of the ex-
25 penditure); and

1 (B) by striking out “and” after the semi-
2 colon;

3 (2) in clause (ii), by striking out the period and
4 inserting in lieu thereof “; and”; and

5 (3) by adding at the end the following new
6 clause:

7 “(iii) any purchase, payment, distribution, loan,
8 advance, deposit, or gift of money or anything of
9 value (such value to be determined in the manner
10 described in clause (i)) made by any person for the
11 purpose of encouraging any specific individual who is
12 not a candidate to become a candidate.”.

13 **SEC. 5. REGISTRATION AS QUALIFYING HOUSE OF REP-**
14 **RESENTATIVES CANDIDATE.**

15 (a) IN GENERAL.—Section 303(b) of the Federal
16 Election Campaign Act of 1971 (2 U.S.C. 433(b)) is
17 amended—

18 (1) in paragraph (5), by striking out “and”
19 after the semicolon at the end;

20 (2) in paragraph (6), by striking out the period
21 at the end and inserting in lieu thereof the following:
22 “and”; and

23 (3) by adding at the end the following:

24 “(7) in the case of a principal campaign com-
25 mittee of a candidate for the office of Representative

1 in, or Delegate or Resident Commissioner to, the
2 Congress, who desires to be a qualifying House of
3 Representatives candidate, a declaration of intention
4 of the candidate to comply voluntarily with all con-
5 tribution limitations and expenditure limitations
6 under this Act.”.

7 (b) AMENDMENT TO STATEMENT OF ORGANIZA-
8 TION.—Section 303 of the Federal Election Campaign Act
9 of 1971 (2 U.S.C. 433) is amended by adding at the end
10 the following new subsection:

11 “(e)(1) In the case of a political committee referred
12 to in paragraph (7) of subsection (b), if the statement of
13 organization does not include a declaration referred to in
14 that paragraph, the committee may amend the statement
15 to include such declaration, if such amendment is filed
16 under section 302(g) not later than the day the candidate
17 becomes a candidate for purposes of State law.

18 “(2) A declaration of intention that is included in a
19 statement of organization under paragraph (7) of sub-
20 section (b), whether in the original filing or by amend-
21 ment, may not be revoked.”.

22 **SEC. 6. AMENDMENT TO DEFINITION OF INDEPENDENT EX-**
23 **PENDITURE.**

24 Section 301(17) of the Federal Election Campaign
25 Act of 1971 (2 U.S.C. 431(17)) is amended by adding

1 at the end the following: “An expenditure is not an inde-
2 pendent expenditure if—

3 “(A) there is any arrangement, coordination, or
4 direction with respect to the expenditure between the
5 candidate and the person making the expenditure;

6 “(B) with respect to the election, the person
7 making the expenditure—

8 “(i) is authorized to solicit contributions or
9 make expenditures on behalf of the candidate or
10 an authorized committee of the candidate;

11 “(ii) is an officer of an authorized commit-
12 tee of the candidate; or

13 “(iii) receives any compensation or reim-
14 bursement from the candidate, or an authorized
15 committee of the candidate;

16 “(C) the expenditure is clearly intended to en-
17 courage voters to support or oppose a specific can-
18 didate for the office of Representative in, or Dele-
19 gate or Resident Commissioner to, the Congress.”.

20 **SEC. 7. LIMITATIONS ON EXPENDITURES BY QUALIFYING**
21 **HOUSE OF REPRESENTATIVES CANDIDATES.**

22 Section 315 of the Federal Election Campaign Act
23 of 1971 (2 U.S.C. 441a), is amended by adding at the
24 end the following new subsections:

1 “(i) A qualifying House of Representatives candidate
2 shall not make expenditures derived from personal funds
3 of such candidate in excess of \$75,000 with respect to an
4 election for the Office of Representative in, or Delegate
5 or Resident Commissioner to, the Congress.

6 “(j) A qualifying House of Representatives candidate
7 shall not make expenditures in excess of \$600,000 with
8 respect to an election cycle.”.

9 **SEC. 8. LIMITATIONS WITH RESPECT TO QUALIFYING**
10 **HOUSE OF REPRESENTATIVES CANDIDATES.**

11 Section 315 of the Federal Election Campaign Act
12 of 1971 (2 U.S.C. 441a), as amended by section 7 of this
13 Act, is further amended by adding at the end the following
14 new subsection:

15 “(k)(1) A qualifying House of Representatives can-
16 didate may not accept, in an election cycle—

17 “(A) more than \$300,000 in contributions from
18 persons other than individuals;

19 “(B) more than \$5,000 from a single
20 multicandidate political committee;

21 “(C) more than \$75,000 from political party
22 committees; or

23 “(D) more than \$100,000 from individuals who
24 reside outside the congressional district involved.

1 “(2) No person may make independent expenditures
2 in an election cycle of more than \$10,000 advocating the
3 election of a qualifying House of Representatives can-
4 didate or advocating the defeat of the opponent of such
5 candidate.

6 “(3) An individual may not make contributions of
7 more than \$2,000 to a qualifying House of Representa-
8 tives candidate in an election cycle.

9 “(4) As used in this section, the term ‘election cycle’
10 means—

11 “(A) in the case of a candidate or the author-
12 ized committees of a candidate, the term beginning
13 on the day after the date of the most recent general
14 election for the specific office or seat which such
15 candidate seeks and ending on the date of the next
16 general election for such office or seat; or

17 “(B) for all other persons, the term beginning
18 on the first day following the date of the last general
19 election and ending on the date of the next general
20 election.

21 “(5)(A) Any person who exceeds a limitation under
22 this subsection by 5 percent or less shall pay to the Com-
23 mission an amount equal to the amount of the excess.

24 “(B) Any person who exceeds a limitation under this
25 subsection by more than 5 percent but not more than 10

1 percent shall pay to the Commission an amount equal to
2 three times the amount of the excess.

3 “(C) Any person who exceeds a limitation under this
4 subsection by more than 10 percent shall pay to the Com-
5 mission an amount equal to three times the amount of
6 the excess plus a civil penalty in an amount determined
7 by the Commission.”.

8 **SEC. 9. AMENDMENTS TO THE INTERNAL REVENUE CODE**
9 **OF 1986 RELATING TO THE CREDIT FOR CON-**
10 **TRIBUTIONS TO CERTAIN QUALIFYING**
11 **HOUSE OF REPRESENTATIVES CANDIDATES.**

12 (a) GENERAL RULE.—Subpart A of part IV of sub-
13 chapter A of chapter 1 of the Internal Revenue Code of
14 1986 (relating to nonrefundable personal credits) is
15 amended by inserting after section 23 the following new
16 section:

17 **“SEC. 24. CONTRIBUTIONS TO CERTAIN QUALIFYING**
18 **HOUSE OF REPRESENTATIVES CANDIDATES.**

19 “(a) GENERAL RULE.—In the case of an individual,
20 there shall be allowed as a credit against the tax imposed
21 by this chapter for the taxable year an amount equal to
22 the total of contributions to qualifying House of Rep-
23 resentatives candidates which are made by the taxpayer
24 during the taxable year, with respect to elections in the
25 congressional district of which the taxpayer is a resident.

1 “(b) LIMITATIONS.—

2 “(1) MAXIMUM CREDIT.—The credit allowed by
3 subsection (a) for a taxable year shall not exceed
4 \$100 (\$200 in the case of a joint return under sec-
5 tion 6013).

6 “(2) VERIFICATION.—The credit allowed by
7 subsection (a) shall be allowed, with respect to any
8 qualified political contribution, only if such contribu-
9 tion is verified in such manner as the Secretary shall
10 prescribe by regulations.

11 “(c) DEFINITIONS.—For purposes of this section, the
12 terms ‘contribution’ and ‘qualifying House of Representa-
13 tives candidate’ have the meanings given those terms in
14 section 301 of the Federal Election Campaign Act of
15 1971.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Section 642 of such Code (relating to spe-
18 cial rules for credits and deductions of estates or
19 trusts) is amended by adding at the end the follow-
20 ing new subsection:

21 “(j) CREDIT FOR POLITICAL CONTRIBUTIONS NOT
22 ALLOWED.—An estate or trust shall not be allowed the
23 credit against tax provided by section 24.”.

24 (2) The table of sections for subpart A of part
25 IV of subchapter A of chapter 1 of such Code is

1 amended by inserting after the item relating to sec-
2 tion 23 the following new item:

“Sec. 24. Contributions to certain qualifying House of Representatives can-
didates.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 1993.

6 **SEC. 10. EFFECTIVE DATE.**

7 Except as otherwise provided in this Act, the amend-
8 ments made by this Act shall apply with respect to elec-
9 tions for Federal office beginning with the general election
10 of November 8, 1994 (and any primary election relating
11 to such general election).

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