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REPORT
No. 714

HONEST ELECTIONS ACT OF 1967, ETC.

NOVEMBER 1, 1967.—Ordered to be printed

Mr. LONG of Louisiana, from the Committee on Finance, submitted the following

REPORT

together with

MINORITY AND INDIVIDUAL VIEWS

[To accompany H.R. 4890]

The Committee on Finance, to which was referred the bill (H.R. 4890) to establish a working capital fund for the Department of the Treasury, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

I. SUMMARY

H.R. 4890, as passed by the House, establishes a working capital fund of not more than $1 million (available without fiscal year limitation) to provide a consolidated method of financing, managing, and accounting for certain administrative service operations provided by the Department of the Treasury to its bureaus and offices.

Your committee accepted the House provision without change but added a series of new sections to the bill, which are referred to as the "Honest Elections Act of 1967." This act is divided into four titles.

Title I provides an income tax credit for one-half of up to $50 of political contributions an individual (or married couple) makes to candidates for any Federal, State, or local elective office, to political committees operated exclusively to support these candidates, and to the National, State, or local committees of a national political party.

Title II provides a choice between public (Federal) and private financing of presidential and vice-presidential and senatorial election campaigns. Candidates for these offices may choose to "go public" and receive Federal payments in reimbursement for their campaign expenses. If they make this choice, major party candidates may not accept private contributions for use during the election campaign

85-010—67——1

when public funds are to be available. A minor party candidate who chooses public financing may accept private contributions for his campaign expenses during this period only to the extent those expenses exceed his Federal payment but do not exceed the expenses which may be incurred by a major party candidate.

The Comptroller General, who is charged with administering the public financing provisions, audits and examines the campaign expenses of candidates who choose public financing. These candidates are required to submit to him periodic statements regarding the campaign expenses they have already incurred as well as the expenses they propose to incur.

Provision is made for candidates choosing public financing to repay Federal funds to the extent those funds are improperly used or where excess campaign expenses are incurred or private contributions are accepted.

Appropriate criminal penalties are provided for various types of wrongdoing in connection with the public financing provisions.

An advisory board is established to assist and counsel the Comptroller General in administering the public financing provisions. The board consists of the majority and minority leaders of the Senate, the Speaker and minority leader of the House, two members from each major political party, and three members representing the general public.

Title III of the "Honest Elections Act of 1967" contains the text of the Election Reform Act of 1967 (S. 1880), which the Senate passed unanimously on September 12. These provisions, in general, extend the provisions of present law relating to the reporting of campaign expenditures and contributions and the related provisions of the Criminal Code to committees which operate in only one State and to primary elections. These provisions also prohibit political committees from soliciting political contributions from Federal employees. In addition, the limitations in present law on expenditures by candidates for the Senate and House and national political committees are eliminated.

Title IV provides criminal penalties for two types of undesirable practices frequently found in connection with political campaigns. A criminal penalty is provided for soliciting votes within 500 feet of a polling place in a Federal election. A criminal penalty is also provided for paying any person to provide transportation for voters in a Federal election.

II. HONEST ELECTIONS BILL OF 1967

A. GENERAL STATEMENT

Basic to our system of government is the ability of the American people to express their will through their elected officials. But, to wisely select those who are to represent them in the elected councils of Government, the American people must be fully informed on candidates and issues. In addition, the people must not be denied the right to choose a qualified and able person to represent them by a process which prevents, or hinders, persons of great ability from running for political office. Moreover, when the people elect a person to represent them, that person should consider himself—and be considered by others—to be the people's representative, not the representative of those few who might have made substantial con-

tributions to his election campaign, merely because they could afford the contributions, whether or not they intended the contributions as a means of gaining influence.

These goals and ideals of our system of government are not well served by the method we have relied on in the past for the financing of political campaigns. In the last few years, the inadequacy of our methods of financing political campaigns has been the focal point of much concern and debate. Increasingly it has been recognized that the necessity for candidates to depend on contributions from wealthy persons who may be seeking special benefits constitutes a shortcoming of our political system. The Committee on Finance was concerned last year over the threat and suspicion of improper conduct cast over our political processes by those who are able to—and do—channel large sums to candidates in order to, or in the hope of, influencing their votes. It remains concerned this year. Moreover, the steadily increasing cost of conducting a campaign for public office has intensified the need to find alternative methods of financing political campaigns, and has made it more and more difficult for those of modest means to engage in a political campaign. Rising campaign costs have been brought about largely by increased use of expensive television time and jet air travel and are making careers in public life more difficult for any but the rich and the near-rich who can attract the large amounts needed to pay for a successful political campaign. Too often, men of ability who could make major contributions to the welfare of the country are unable to gather the necessary financial support without tacitly committing themselves and their votes to the interests of their financial backers.

An attack was begun on these problems last year. An alternative source of financing political campaigns for the Presidency and Vice Presidency was provided by the Presidential Election Campaign Fund Act of 1966. This was a first step in the process of establishing methods by which, despite their rising cost, elections could be freed of the dependence on large contributors. The 1966 act was also a first step in bringing the subject of the financing of political campaigns out into the open and into the arena of public discussion.

This past spring the operation of that act was suspended and the Senate instructed the Committee on Finance to report back provisions with respect to the Presidential Campaign Fund Law of 1966. The President last spring also commented on the need for addressing ourselves to the problems of financing political campaigns so our system of government would not be imperiled by inadequacies in our methods of campaign financing. In his message to Congress on "Public Participation in the Processes of Government," the President said:

> Democracy rests on the voice of the people. Whatever blunts the clear expression of that voice is a threat to democratic government.
>
> In this century one phenomenon in particular poses such a threat—the soaring costs of political campaigns.
>
> Historically, candidates for public office in this country have always relied upon private contributions to finance their campaigns.
>
> But in the last few decades, technology—which has changed so much of our national life—has modified the

nature of political campaigning as well. Radio, television, and the airplane have brought sweeping new dimensions and costs to the concept of political candidacy.

In many ways these changes have worked to the decided advantage of the American people. They have served to bring the candidates and the issues before virtually every voting citizen. They have contributed immeasurably to the political education of the Nation.

In another way, however, they have worked to the opposite effect by increasing the costs of campaigning to spectacular proportions. Costs of such magnitude can have serious consequences for our democracy—

> More and more, men and women of limited means may refrain from running for public office. Private wealth increasingly becomes an artificial and unrealistic arbiter of qualifications, and the source of public leadership is thus severely narrowed.
>
> Increases in the size of individual contributions create uneasiness in the minds of the public. Actually, the exercise of undue influence occurs infrequently. Nonetheless, the circumstance in which a candidate is obligated to rely on sizable contributions easily creates the impression that influence is at work. This impression—however unfounded it might be—is itself intolerable, for it erodes public confidence in the democratic order.
>
> The necessity of acquiring substantial funds to finance campaigns diverts a candidate's attention from his public obligations and detracts from his energetic exposition of the issues.
>
> The growing importance of large contributions serves to deter the search for small ones, and thus effectively narrows the base of financial support. This is exactly the opposite of what a democratic society should strive to achieve.

In accord with the Senate's instructions to reconsider the problems of financing political campaigns, taking into account the various suggestions made with respect to the 1966 act, both by the proponents and the opponents of that act, the Finance Committee has given further consideration to the subject of political campaign financing. Committee hearings were held in June of this year and everyone desiring to give testimony on this important matter was provided an opportunity to do so. The committee studied a wide variety of proposals for the financing of political campaigns and also received the advice and suggestions of a large number of persons within and without Government.

As a result of its deliberations on the proposals presented, the testimony and statements submitted in its hearings, and the continuing discussions with persons inside and outside Government, the committee has reported the "Honest Elections Act of 1967." This proposal embodies basically a two-way approach to the problems associated with the financing of political campaigns. It is designed to bring this area of political life into full view and to bring the financ-

ing of political campaigns for Federal elective offices into alignment with the goals and objectives of our system of government.

One aspect of the committee's approach—a tax credit for political contributions—should encourage a broader segment of the people to participate in the financing of political campaigns. This tax-credit feature is available for campaign financing for any elective office, Federal, State, or local.

The second aspect of the committee's approach provides a method by which candidates for the office of President, Vice President, and Senator can choose to have their campaigns financed from wholly public, rather than private, sources and in this way be freed of any dependence on private contributions and the problems associated with having to rely on private contributions. Campaigns for the U.S. House of Representatives have been omitted from this category because, in line with the rules of comity between the two Houses, it was thought more appropriate for the House of Representatives to initiate its own decision with respect to its own membership.

Both of the approaches outlined above will alleviate one of the most important potential causes of improper influence in Government: they will free candidates from the need to rely on contributions from a few well-to-do persons. Both of these approaches also will make it easier for candidates of modest means to conduct campaigns for nomination and election to public office.

The committee's bill also includes with these campaign financing provisions the text of the Election Reform Act of 1967, which the Senate passed unanimously on September 12 of this year. Thus, there can be no question that your committee recognizes the desirability of accompanying provision for financing campaigns with public disclosure of all campaign expenditures and contributions by candidates for Federal office and all political committees supporting them. The committee's bill in the area of election reforms also outlaws two undesirable and costly practices which are frequently found in political campaigns. These are soliciting votes within the vicinity of a polling place in a Federal election and paying a person to provide transportation for voters in a Federal election.

The tax credit

The tax credit provided for political campaign contributions by this bill allows an offset against Federal income taxes for one-half of political contributions up to $50 (for either a single person or married couple) during a year. The credit is to be available for contributions to any candidate for nomination or election to any Federal, State, or local elective public office. It is also available for contributions to political committees, and to political parties. By providing a relatively small credit, small contributions from a broader spectrum of the public will be encouraged. Accordingly, the need for a candidate to rely upon contributions from a few wealthy persons will be substantially diminished.

It is estimated that the amount of political contributions for all offices was approximately $160 million in 1960 and $200 million in 1964. On the basis of these figures, the Treasury Department estimates that approximately $250 million of political contributions will be made in 1968. Due to the limitations on the tax credit, it is estimated that between $100 and $120 million of these contributions will qualify

for the credit. This will produce a revenue loss for the 1968 election year of between $50 and $60 million. Presumably the amount would be substantially less in a nonpresidential election year. The revenue loss will be higher to the extent the tax credit stimulates additional small contributions from persons who previously have been non-contributors.

Public financing

The other approach to the financing of political campaigns adopted by the committee constitutes a more fundamental change in the attack on the vices inherent in present campaign financing practices. It is directed only toward two types of office: those of President (including Vice President) and U.S. Senator. Presidential or senatorial candidates of a major party—one whose presidential or senatorial candidate in the preceding election or in certain cases in either of the two preceding elections received at least 25 percent of the vote—can choose to have their campaign financed either with public funds or by private contributions. The choice between public and private financing is to be clear cut: In the event they choose public funds, the candidates must forego private financing.

Presidential or senatorial candidates of a minor party—one whose candidate in a preceding election received from 5 to 25 percent of the vote—who choose public financing also must forego private campaign financing to the extent public financing is made available to them; i.e., private contributions may be used only for their campaign expenses which exceed the public funds they receive but which do not exceed the expenses a major party candidate may incur.

The committee's bill makes available under closely controlled conditions a maximum amount of approximately $14 million of public funds for the presidential and vice presidential candidates of each of the two major parties in the 1968 presidential election, if they choose public financing. This amount is determined under a formula which provides a total amount to each of the candidates of the two major parties of 20 cents times the number of votes cast in the preceding presidential election. Historical data show that direct expenditures of the major political parties in presidential elections were 19 cents per presidential vote cast in the 1912 election, 20 cents per vote in the 1928 election, 18 cents per vote in the 1952 election, 19 cents per vote in the 1956 election, 32 cents per vote in the 1960 election and 41 cents per vote in the 1964 election.

If all major party candidates in the 1968 senatorial elections choose public financing, approximately $26 million of public funds is made available for those candidates, ranging from $100,000 for a candidate in the State with the smallest electorate to slightly in excess of $1.5 million for a candidate in the State with the largest electorate. A table, presented on page 20, shows the maximum amount of public funds which would be available to a major party candidate in each State, if there was a senatorial election in the State in 1968 and if the candidate chose public financing.

Detailed rules are provided to require full reporting and disclosure by candidates receiving public funds, including statements of their proposed campaign expenditures. The Comptroller General, who is charged with the administration of the public financing provisions, is to conduct audits, investigations, and examinations. He is to make

public the candidates' estimates of campaign expenditures. The Comptroller General also will make a full report to the Congress after each election regarding the operations of the public financing provisions.

In providing public financing for presidential and senatorial election campaigns, your committee dealt with the problems which have been raised with regard to the Presidential Election Campaign Fund Act of 1966. Thus, to prevent the commingling of public and private funds the bill requires that a presidential, vice-presidential, or senatorial candidate of a major party who chooses to receive public funds for his campaign expenses may not also use private contributions. Criminal penalties are provided for the improper use of Federal funds, for accepting private contributions, and for other types of wrongdoing in connection with public funds. The funds becoming available will be distributed to candidates, rather than political parties, thus minimizing the effect of these provisions on the existing political structure and institutions. Moreover, when repayments of Federal funds are required, they are required from the candidate who received the funds, not the political party, and, thus, political debts cannot be passed on from one election to the next. The amount of public funds to which candidates will be entitled is determined under a formula backed by permanent appropriations, rather than the tax return checkoff system, under which each major party candidate in a race for an office will receive equal payments, the amount of which will be known in advance of the election.

With regard to the problem of candidates of third parties, the committee has formulated rules which, on the one hand, give adequate recognition to the value of third party movements in our system of government and, on the other hand, will not unduly encourage the splintering and fragmentation of what is basically a two-party system. A candidate of a third party may be entitled to public funds in advance of the election on the basis of his party's performance in a prior election or he may be entitled to public funds on the basis of his performance in the current election, where this results in a greater payment. Thus, in the case of both presidential and senatorial elections, a third party is not required to wait until the following election before establishing elegibility for participation in this new program for public financing of campaigns for election to high office.

The committee has included senatorial candidates in the public financing provisions because it believes the potential for undue influence by wealthy contributors exists at this level as well as at the level of the presidency. Moreover, the committee believes that a means should be provided to enable men who are able and qualified, but who are of modest means, to conduct a campaign for Senate office without having to place themselves in compromising situations in order to attract the funds necessary to run for office.

Provisions for congressional election campaigns have not been included because of the committee's desire not to transgress on the prerogatives of the House. If the House wishes to include provisions regarding congressional elections, it will have an opportunity to do so when the bill is returned to that body. If the House should choose to add provisions for the financing of congressional elections, the program of allowing select public funds for campaigns would then cover all Federal elective offices.

This program constitutes a most significant step in alleviating a major short-coming in our democratic process. The threat of undue influence at the Federal level resulting from the manner in which elections are financed will be greatly reduced. A candidate who chooses public financing will be beholden to all the people—not merely to a well-to-do few—in a manner consistent with the principles on which our system of government is predicated. Moreover, a person of modest means who aspires to Federal elective office will be able to face the campaign process without trepidation, in the knowledge that his campaign will be financed and that it can be conducted without the necessity of turning to the wealthy few for funds.

It is believed that this bill will provide something that this Nation has never before had the opportunity to enjoy: a political campaign in which the candidates of both political parties are assured of an equal opportunity to present their case to the American people. A campaign in which the candidates of the political parties are assured of an opportunity to present the issues is the best way to give assurance that the Congress and the Government represent the will of the people rather than the power of the few who have sufficient wealth to finance the bulk of the campaigns.

The campaign financing provided in this bill which is designed to encourage the broadest spectrum of participation is the best way to preserve the principle of majority rule so deeply embedded in the ideals of this Nation. Fundamentally this is the Jeffersonian concept that "The will of the people is the only legitimate foundation of any government." It is a complete parting with the concept once held that the right to vote should be limited to property holders.

The public financing features of this bill particularly are designed to assure a candidate for President or U.S. Senator of the opportunity to run for office and have enough funds to finance an adequate, but not elaborate, campaign. Giving candidates the opportunity to remove the financing of their political campaigns from the hands of those of large wealth should do much to remove the threat, suspicion, and innuendo of misconduct from the political scene. Moreover, public financing of election campaigns enables the selection of candidates on the basis of their fitness for the job, rather than on the basis of how well they attract campaign contributions.

The Committee on Finance believes that election to public office is a valid public function which requires and deserves the maximum effort to protect and preserve the democratic process.

B. GENERAL EXPLANATION OF INCOME TAX CREDIT

1. Allowance of credit (secs. 101, 102, and 103 of the bill and sec. 40 of the code)

As a means of encouraging a larger number of political contributions, the bill adds a new provision to the tax law under which an individual is allowed an income tax credit for one-half of up to $50 of the political contributions he makes within the taxable year.

This credit for half of the contribution is preferable to a tax deduction since the latter provides a greater benefit for those with large incomes; the tax credit provides the same tax benefit for all taxpayers without regard to their income level. Thus, a credit tends to be more effective in attracting new political contributions from lower- and middle-income groups than a deduction.

Limiting the amount of the credit to one-half of the contribution up to $50, as the committee bill does, also promotes a desirable objective. In effect, it requires donors to share the out-of-pocket cost of their political contributions with the Federal Treasury. Without this limitation, small contributions would cost the donor nothing; his tax would be reduced by the amount of the contribution and the net effect would be an uncontrolled diversion of tax revenues to the various candidates. Such an indirect result would be inconsistent with that part of the committee's recommendations which provide for rigidly controlled direct Federal financing of campaigns for the Presidency and the Senate.

Accordingly, limiting the credit to one-half of the contribution as provided by the bill not only requires an out-of-pocket cost to the contributor who wants to support the candidate of his choice, but in so doing provides an alternative to the system of direct Federal funding of political campaigns for presidential and senatorial candidates who choose to "go public."

As indicated previously, this credit for half of contributions up to $50 is designed to lessen the influence of persons of means on candidates and political parties and to encourage a broader spectrum of the American people to participate in the political process through political contributions. To insure that the tax credit for political contributions does encourage small contributions from a large number of people, and not merely give a tax benefit to existing large contributors, the tax benefit of the credit is limited to the small amount.

The maximum credit allowable is $25 in the case of an unmarried individual, or a married couple filing a joint return, and is $12.50 in the case of married persons filing separate returns. Taxpayers are to be allowed this credit whether they file the short form tax return or the regular form and even though they elect (under section 6014) to have the Internal Revenue Service compute their tax.

The credit is allowable for the following types of contributions:

(1) Contributions to a candidate for nomination or election to a Federal, State, or local elective public office in a primary, general, or special election, or in a party convention. These contributions must be for use in furtherance of the person's candidacy. A candidate is a person who has publicly announced his candidacy and who meets the legal qualifications to hold the office for which he is running. If a person is not a "candidate" as described in the preceding sentence, a contribution to him would not be eligible for the credit.

(2) Contributions to a political committee organized and operated exclusively to influence the nomination or election of one or more candidates to Federal, State, or local elective public offices. These contributions must be for use in furtherance of the respective candidacies. An organization which is organized or operated to any extent for any purpose other than the purpose described above, of course, would not qualify as a political committee and contributions to it would not qualify for the credit. Thus, political action committees designed to secure enactment of a general program and not solely organized and operated to elect specific candidates would not qualify. The political committee category, however, would include congressional and senatorial campaign committees, as well as committees set up by any other organization for the proper purpose, but only

with respect to contributions made to these committees after individuals supported by them have become candidates.

(3) Contributions to a National, State, or local committee of a political party which, in the case of contributions during a taxable year in which there is a presidential election, has candidates for President and Vice President on the ballot in at least 10 States, or which, in the case of contributions in other taxable years, met this requirement in the preceding presidential election.

The credit is available for political contributions made after December 31, 1967.

C. GENERAL EXPLANATION OF PUBLIC FINANCING FOR PRESIDENTIAL CANDIDATES

The committee has substituted an entire new text for the Presidential Election Campaign Fund Act of 1966. Generally, under this new provision the presidential (and vice presidential) candidate of a major party—a party whose presidential candidate in the preceding election received at least 25 percent of the vote—may choose to receive public funds for his campaign expenses. If this choice is made, private contributions for the candidate's campaign expenses may not be accepted by the candidate or the political committees he has designated to work for his election for use during the election campaign when public funds will be available. The amount of the Federal payment to which a major party candidate is entitled is based on the total number of votes cast for all presidential candidates in the preceding election. The formula provides for a payment equal to 20 cents times the total votes cast in the last presidential election. Since there were about 70 million votes cast in the last presidential election, this means the candidates of each of the two major parties will be entitled to payments of approximately $14 million in 1968 if they choose to use this method of funding their campaigns, instead of resorting to private money which may be from questionable sources. The funds to make Federal payments to candidates are permanently appropriated.

A presidential (and vice presidential) candidate of a minor party—a party whose presidential candidate in the preceding election received between 5 and 25 percent of the vote—may also choose public financing for his campaign. An electing minor party candidate and his designated committees may spend private contributions for his campaign only to the extent those expenses exceed his Federal payment. The amount of the Federal payment to which a minor party candidate is entitled is based on the number of votes cast for that party's presidential candidate in the preceding election. Since the formula in this case uses only the vote in the prior election of the minor party's candidate (rather than the total number of votes cast for all presidential candidates as in the case of major parties), it is based on 40 cents (rather than 20 cents) times the number of these votes. The same formula based on the vote in the current election may be used if this results in a larger payment than the use of the vote in the prior election. No party, however, qualifies as a minor party at the present time.

The presidential (and vice presidential) candidate of any other political party who receives at least 5 percent of the vote in the current election may also choose to receive Federal funds for his campaign expenses subject to the same restrictions and conditions which

apply to minor party candidates. The amount of the Federal payment in this case is based on the number of votes the candidate receives in the current election. The formula is the same as that outlined above in the case of minor parties.

A more detailed explanation of the provisions of the presidential election campaign financing provisions is presented below.

1. Short title (sec. 201 of the bill and sec. 301 of the 1966 Act)

The bill provides that this title may be referred to as the Presidential Election Campaign Fund Act of 1966.

2. Definitions (sec. 201 of the bill and sec. 302 of the 1966 Act)

The following terms are the more important terms defined for purposes of determining eligibility for, and the amount of, Federal payments:

(*a*) An "authorized committee" of eligible presidential and vice presidential candidates is a political committee authorized in writing by the candidates to incur expenses to further their election. Unless a committee is authorized, its expenditures may not be reimbursed under this bill.

(*b*) A "candidate" is a person who either (a) has been nominated by a major party for President (or Vice President), or (b) has qualified to have his name on the ballot as a presidential (or vice presidential) candidate in 10 or more States. For purposes of determining who is considered a candidate where a preceding presidential election is involved (i.e., the definitions of major and minor parties and the Federal payment formula), a "candidate" is a person who received popular votes for the office of President in the preceding election.

(*c*) "Eligible candidates" are candidates who have met all applicable conditions to receive Federal payments as described in No. 3 below. Both the presidential and vice presidential candidates of a political party must be eligible candidates.

(*d*) In defining a "major party" and a "minor party," the committee believes that a test based on a percentage of the votes cast in a preceding election is more realistic than a test based on an absolute number of votes. A percentage-of-votes test has the advantage of automatically compensating the definitions for increases in the size of the electorate. Accordingly, a "major party" is defined as a political party whose presidential candidate in the preceding election received at least 25 percent of the total popular vote for the office.

The committee believes a political party whose presidential candidate receives 5 percent of the vote is a significant enough third party movement to warrant the participation of its presidential and vice-presidential candidates in the public financing provisions. It is unlikely that a party with this much public support would be created solely to receive Federal payments or can be considered a frivolous movement. Therefore, a "minor party" is defined as a political party whose presidential candidate in the preceding election received from 5 percent up to 25 percent of the total popular vote for the office.

Major and minor party candidates are entitled to Federal payments in the current election based on the number of votes received in the preceding election. Thus, a major or minor party candidate is guaranteed a Federal payment in the current election regardless of the number of votes he receives in the current election. Moreover, these candidates may receive Federal payments prior to the election as

reimbursement for expenses they incurred in making their political campaign for office.

The candidate of any other political party who receives at least 5 percent of the vote in the current election is also entitled to a Federal payment. The amount of the payment, however, is based on the number of votes he receives in the current election. Thus, an "other party" candidate cannot receive a Federal payment prior to the election inasmuch as the current election determines both the entitlement to, and the amount of, the Federal payment.

(*e*) A "political committee" is an organization which accepts contributions or makes expenditures to influence the nomination or election of one or more persons to Federal, State, or local elective public offices. This includes political action committees.

(*f*) In order to effectuate the principle that public financing is an alternative, not a supplementary means of financing election campaigns, the bill defines a "qualified campaign expense" (the only type of expense for which Federal payment is authorized) as an expense (a) incurred by the presidential (or vice-presidential) candidate or an authorized committee to further his election, (b) incurred within the period beginning 60 days before the election and ending 30 days after the election, or incurred before the period for property, services, or facilities used during the period, and (c) which is not in violation of U.S. law or the law of the State where the expense is incurred or paid. The period within which an expense must be incurred to be a qualified campaign expense would begin under this definition on September 3 at the earliest and on September 9 at the latest.

"Qualified campaign expenses," therefore, are significant in that during the period 60 days before and 30 days after an election, public financing represents the only source of funds for campaign expenditures of an eligible major party candidate. On the other hand, private contributions and the candidates' own personal funds will continue to be the only source of financing before the 60–30 day period. Since the 60 days before an election is the prime period when a campaign effort must be made if it is to be effective, the bill provides for public financing in the most significant part of the election campaign, when the most important activity must take place. Moreover, "qualified campaign expenses" include, in addition to expenses actually incurred during the campaign period beginning 60 days before the election, any other expenses incurred before that period for property, services, or facilities which are, in fact, used during the campaign period. In other words, a major party candidate who chooses to receive public funds may not use private contributions (no matter when contributed) to further his election during the campaign period. For example, if a major party candidate has private contributions which were contributed but not used during a primary campaign, these contributions cannot be used to further his campaign for election during the 60–30 day period if that candidate chooses to receive public funds.

The Comptroller General is to prescribe rules for the allocation of expenses which are incurred by a committee jointly for other candidates as well as for the presidential and vice-presidential candidates. In working out these rules, as well as the rules necessary to implement other parts of the public financing provisions, the Comptroller General will be able to call on the expertise of, and receive the advice of, the advisory group established under this bill to assist him.

3. Conditions for eligibility for payments (sec. 201 of the bill and sec. 303 of the 1966 act)

A presidential (and vice-presidential) candidate, in order to be eligible to receive Federal payments, must agree to furnish the Comptroller General with evidence of their qualified campaign expenses, with other necessary records or information, and with periodic statements (during the campaign) of the qualified campaign expenses already incurred and proposed to be incurred. They must also agree to an audit of their qualified campaign expenses by the Comptroller General and to repay any amounts which the Comptroller General requires to be repaid.

The committee has also endeavored to effectuate the principle of wholly public financing by requiring candidates who choose public financing to make certain certifications, under penalty of perjury, as a condition of the election. The purpose of these requirements is to prevent any commingling of public and private campaign moneys in the election campaigns of candidates who choose to apply for public financing of their campaigns. Thus, the candidates of a major party must certify that they and their authorized committees will not incur qualified campaign expenses in excess of those for which they can receive Federal payments. In essence, this requirement means that the candidates who accept Federal payments cannot use their own funds or contributed funds for qualified campaign expenses. The candidates must also certify that neither they nor their authorized committees have accepted or will accept any contributions for their qualified campaign expenses.

The candidates of a minor party, or any other nonmajor party, who choose public financing must certify that they and their authorized committees will not incur qualified campaign expenses in excess of those for which major party candidates can receive Federal payments. The candidates must also certify that they and their authorized committees will accept and spend or keep contributions to defray qualified campaign expenses only to the extent of the amount by which their allowable qualified campaign expenses exceeds the amount of their Federal payment. This requirement guarantees that no minor or other nonmajor party candidate, who is allowed to use both public and private funds for his election campaign, will make a profit by virtue of receiving public funds under this bill.

In determining whether, or to what extent, eligible candidates or their authorized committees have accepted contributions, personal services of a noncommercial nature which are rendered by volunteers will generally not be taken into account. Thus, a person who, without pay by anyone, addresses envelopes or makes telephone calls or home visits for a candidate will not be considered to have made a contribution to the candidate. Moreover, a candidate will not be considered to have accepted a contribution because he stays overnight at the home of a friend in a town which he visits in the course of a campaign speaking tour. On the other hand, a contribution will be considered to have been made to a candidate if a printing shop owner prints handbills for the candidate and either does not charge the candidate for the job or sells the handbills to the candidate at less than the price normally charged.

4. Entitlement of eligible candidates to payments (sec. 201 of the bill and sec. 304 of the 1966 act)

Each major party candidate should have an equal opportunity to present himself and his views on the issues to the electorate. The committee's bill assures this equality by providing that the presidential (and vice-presidential) candidates of all major parties will be entitled to the same amount of public funds. Of course, the amounts determined under the formulas are maximum payments. A candidate will receive public funds only as reimbursement for qualified campaign expenses actually incurred by him or his authorized committees. This will entirely eliminate any possibility of private gain, intended or unintended, by the candidate.

The Federal payment a presidential (and vice-presidential) candidate of a major party may receive is: 20 cents times the total number of votes received by all candidates in the preceding presidential election.

For 1968, this formula would entitle a major party candidate to approximately $14 million since the total number of votes cast in the 1964 presidential election was approximately 70 million.

In the case of candidates of minor parties and other nonmajor parties, the amount of the Federal payment is determined with reference is only to the number of votes received by the party's candidate, as a means of relating the amount of the Federal payment to the amount of the public support for the party. Accordingly, the Federal payment formulas for candidates of minor parties and other nonmajor parties provide for a payment of twice as much per vote as the major party candidate formula (but as indicated below the payment may never exceed that for a major party candidate).

The Federal payment a presidential (and vice-presidential) candidate of a minor party may receive is: 40 cents times the number of votes received by the candidate of the party in the preceding presidential election. For 1968, there is no party qualifying as a minor party.

The Federal payment a presidential (and vice-presidential) candidate of any other political party (i.e., neither a major nor minor party based on the preceding election) may receive, assuming that he receives at least 5 percent of the vote in the current election, is 40 cents times the number of votes received by that candidate in the current election.

However, a candidate of a minor party may also apply this same formula in the current election if this results in a larger payment than that determined on the basis of the prior election.

Under the bill, a candidate of a nonmajor party may accept private contributions for his qualified campaign expenses, in addition to public funds. It would be unreasonable to require a nonmajor party candidate to rely solely on public funds for his qualified campaign expenses, because the amount of the public funds made available to the candidate (even based on the current election) may not be great enough to allow him to make a serious campaign effort. The committee does not believe, however, that nonmajor party candidates should be allowed to accept private contributions for their qualified campaign expenses to the extent that this results either in the candidate profiting by receiving public funds or in the candidate having more funds available for his qualified campaign expenses than a major party candidate (who must rely solely on public funds). Therefore, the bill provides limitations on the amount of the Federal payments which a nonmajor party candidate may receive.

For the reasons given above, the Federal payment to minor, or other nonmajor, party candidates is limited to the smaller of—

(1) The qualified campaign expenses of the candidates and their committees, less the contributions for qualified campaign expenses they receive which are not returned to the donors; or

(2) The amount of the Federal payment major party candidates may receive, less the contributions for qualified campaign expenses the nonmajor party candidates receive which are not returned.

Major, minor, or other party candidates may receive Federal payments only for the following purposes: (1) to pay their qualified campaign expenses, (2) to repay loans used for their qualified campaign expenses, or (3) to restore funds used for their qualified campaign expenses which were borrowed from general campaign financing sources (not earmarked for qualified campaign expenses).

5. Certification by Comptroller General (sec. 201 of the bill and sec. 305 of the 1966 act)

The Comptroller General, on the basis of evidence submitted by the candidates of a political party, is to certify to the Secretary of the Treasury the amount of Federal payments to which the candidates are entitled.

These certifications are not subject to review except by the Comptroller General pursuant to the audit and repayment provisions described below.

6. Payments to eligible candidates (sec. 201 of the bill and sec. 306 of the 1966 act)

Payments by the Secretary of the Treasury are made out of a fund known as the "Presidential Election Campaign Fund" to which the necessary sums are permanently appropriated. This assures that candidates who choose public financing may do so with confidence that the prescribed amount of public funds will be available. Moreover, by providing permanent appropriations, there will be avoided the problems arising from allegations which might be made in an election year that there were delays in appropriating amounts to the fund or that insufficient amounts were appropriated.

In order to minimize the impact of the public financing provisions on the existing political structure, to provide greater control over the use of public moneys, and to insure that the public moneys will be in fact spent for campaign expenses, the bill focuses on candidates rather than political parties. As one aspect of this, payments by the Secretary of the Treasury are to be made to the candidates, rather than to political parties as under the 1966 law. Thus, prospective candidates (or candidates for other offices) will not find themselves at the handicap with the political parties which might result from placing the public funds at the disposal of the parties rather than the candidates. Moreover, a national committee of a political party will not be able to use control of a large Federal payment as a weapon to dictate party policies and strategies to State and local committees and candidates and potential candidates. In these cases the Government will have recourse to one specific individual, the candidate, should problems arise over the use of the Federal payment, and none of the payment will be used for continuing expenses of a party nor be diverted to the campaigns or other uses of other candidates. Moreover,

since payments are made to, and repayments are required from, candidates, not parties, political debts cannot be passed on from one election to the next.

7. Examinations and audits; repayments (sec. 201 of the bill and sec. 307 of the 1966 Act.)

In order to insure compliance with the requirements of the public financing provisions, the Comptroller General is to conduct after each election a thorough audit of the qualified campaign expenses of the presidential and vice presidential candidates of each political party entitled to receive a Federal payment. In a number of types of situations, the bill provides that the Comptroller General is to require repayment of the public funds received by a candidate. The conditions under which the Comptroller General is to provide for repayments are as follows:

(1) If he determines that amounts were paid to candidates in excess of the amounts to which they were entitled, the excess amounts must be repaid.

(2) If he determines that the candidates of any political party and their authorized committees incurred qualified campaign expenses greater than those for which a major party candidate may receive Federal payments, the candidates must repay an amount equal to the excess amount.

(3) If he determines that the candidates of a major party or their authorized committees accepted any contributions for qualified campaign expenses, the candidates must repay an amount equal to the amount of the contributions.

(4) If he determines that any Federal payment to the candidates was used other than for the payment of qualified campaign expenses or to repay loans or restore funds (other than earmarked contributions) used to pay these campaign expenses, the candidates must repay an amount equal to the amount so improperly used.

If repayments are required of a candidate under more than one of the provisions included here, the total of the repayments he is to make may not exceed the Federal payments he received. Determinations and notifications by the Comptroller General as to repayments must be made within 3 years after the presidential election.

8. Information on proposed expenses (sec. 201 of the bill and sec. 308 of the 1966 act)

Inasmuch as public funds will represent, for most candidates choosing public financing, the only source of funds for qualified campaign expenses and thus should not be spent at a rate which would exhaust a candidate's entitlement before the campaign is over, it is important for candidates who choose public financing to periodically apprise the Comptroller General in detail of the expenses they have already incurred as well as of the expenses they propose to incur. With the benefit of this information, the Comptroller General will be better able to administer the public financing provisions and to notify candidates if they are spending their public entitlement at an excessive rate. Moreover, since public moneys are involved, it is desirable for the Comptroller General to make public a summary of these periodic statements he receives from the candidates.

Accordingly, the committee has provided that during the course of a campaign, candidates who are entitled to receive Federal pay-

ments must furnish to the Comptroller General detailed statements of the qualified campaign expenses already incurred, as well as of the expenses they propose to incur. The Comptroller General must require these statements to be furnished at least as often as once a week during the second, third, and fourth weeks prior to the election and twice during the week immediately prior to the election. As soon as possible after the Comptroller General receives a statement, he is to prepare and publish a summary of it in the Federal Register.

9. Reports to Congress; regulations (sec. 201 of the bill and sec. 309 of the 1966 act)

The program for the public financing of presidential election campaigns recommended here is one of great significance. With a program of this nature, it is desirable for the Congress to be apprised after each election of the more important aspects of the program in actual practice.

Accordingly, the bill provides that after each presidential election, the Comptroller General is to report to Congress regarding payments to, and qualified expenses of, candidates and the repayments required. The Comptroller General may prescribe regulations, conduct examinations, audits, and investigations, and require books, records, and information to be maintained and submitted, as he deems necessary to carry out his functions and duties under the public financing provisions.

10. Criminal penalties (sec. 201 of the bill and sec. 310 of the 1966 act)

As a means of assuring that public moneys are not misused and that the requirements of the public financing provisions are fully complied with, criminal penalties are provided for various types of wrongdoing in connection with these public financing provisions. The cases where criminal penalties are provided are as follows:

(1) A criminal penalty is provided where eligible candidates and their authorized committees knowingly and willfully incur qualified campaign expenses in excess of those for which a major party candidate may receive Federal funds. This criminal penalty is a fine of not more than $5,000 or imprisonment for not more than 1 year, or both.

(2) A criminal penalty is provided where major party candidates and their authorized committees knowingly and willfully accept *any* contributions for their qualified campaign expenses. This criminal penalty is a fine of not more than $5,000, or imprisonment for not more than 1 year, or both.

(3) A criminal penalty is provided where nonmajor party candidates and their authorized committees knowingly and willfully accept and spend or keep an amount of contributions for qualified campaign expenses which exceeds their qualified campaign expenses. If nonmajor party candidates or their authorized committees spend contributions for qualified campaign expenses and have accepted contributions for qualified campaign expenses, as well as nonearmarked contributions, the earmarked contributions will be considered to be the contributions spent for the qualified campaign expenses to the extent of these earmarked contributions. This criminal penalty is a fine of not more than $5,000 or imprisonment for not more than 1 year, or both.

(4) A criminal penalty is provided where a person receiving a Federal payment, or where a person to whom any portion of such a payment

is transferred, knowingly and willfully uses the payment other than to pay qualified campaign expenses or to repay loans, or otherwise restore funds (other than earmarked contributions), used for qualified campaign expenses. This criminal penalty is a fine of not more than $10,000 or imprisonment for not more than 5 years, or both.

(5) A criminal penalty is provided where a person knowingly and willfully submits false information to the Comptroller General or fails to furnish information requested by the Comptroller General for purposes of the presidential election campaign financing provisions. This criminal penalty is a fine of not more than $10,000 or imprisonment for not more than 5 years, or both.

(6) A criminal penalty is provided where any person knowingly and willfully gives or accepts a kickback or an illegal payment in connection with a qualified campaign expense. In addition, a civil penalty is provided where any such kickback or payment is in fact accepted. The criminal penalty is a fine of not more than $10,000 or imprisonment for not more than 5 years, or both. The civil penalty requires the person accepting the kickback or illegal payment to pay the Treasury an amount equal to 125 percent of the kickback or payment received.

(7) A criminal penalty is provided where an unauthorized political committee knowingly and willfully makes more than $1,000 in the aggregate of contributions to the candidates of a political party who are receiving Federal funds. The penalty also would apply if an unauthorized committee should spend more than $1,000 for a candidate's qualified campaign expenses. This criminal penalty is a fine of not more than $5,000 in the case of a political committee and for an officer or member of a committee who knowingly and willfully consents to the violation a fine of not more than $5,000 or imprisonment for not more than 1 year, or both.

11. Effective date (sec. 201 of the bill and sec. 311 of the 1966 act)

The public financing provisions for presidential (and vice-presidential) candidates take effect generally on January 1, 1968, although the Comptroller General may prescribe regulations any time after enactment of the bill.

12. Elimination of designations of income tax payments to Presidential Election Campaign Fund (sec. 202 of the bill and sec. 6096 of the code)

The Internal Revenue Code provision for the "income tax checkoff" is eliminated for taxable years beginning after December 31, 1966.

13. Compliance with guideline requirement (sec. 203 of the bill)

This provision makes it clear that the bill is intended to comply with the requirement (which is contained in the 1967 act restoring the investment credit and accelerated depreciation) that funds may not be disbursed under the Presidential Election Campaign Fund Act of 1966 until the adoption of guidelines governing their distribution.

D. GENERAL EXPLANATION OF PUBLIC FINANCING FOR SENATORIAL CANDIDATES

The new provisions for the public financing of senatorial election campaigns are, in almost all respects, the same as those applicable in the prior subtitle of this bill with respect to presidential election campaigns, with one exception. The formula for determining the amount of public funds which candidates may receive in reimbursement for their qualified campaign expenses is somewhat different. The amount of the Federal payment to which a major party candidate is entitled is based on the total number of votes cast for all candidates in whichever of three elections the largest number of votes was cast. The three elections which are taken into account are the two preceding senatorial elections in the State and the preceding presidential election in the State. The formula provides for a payment equal to 50 cents times the number of votes up to 200,000, plus 35 cents times the number of votes between 200,000 and 400,000 votes, plus 20 cents times the number of votes over 400,000. The minimum payment which major party candidates may receive in reimbursement for qualified campaign expenses, however, is $100,000. Proportionately larger payments for States with relatively few voters are provided by this sliding scale of payments, and also the minimum, because necessary expenditures tend to be proportionately greater where the electorate is relatively small because this frequently means a sparse population and a greater area for the candidate to cover.

The amount of the Federal payment to which a minor-party candidate is entitled is based on the number of votes cast for the party's candidate in whichever of the three elections described above the largest number of votes was cast for the party's candidate. Since the formula in this case uses only the vote in a prior election of the minor party's candidate (rather than the total number of votes cast for all candidates as in the case of major parties), it provides for a payment equal to $1 times the number of votes up to 100,000, plus 70 cents times the number of votes between 100,000 and 200,000, plus 40 cents times the number of votes over 200,000. The same formula based on the vote in the current election may be used if this results in a larger payment than the use of the vote in the prior election.

The senatorial candidate of any other political party who receives at least 5 percent of the vote in the current election may also choose to receive Federal funds for his campaign expenses subject to the same restrictions and conditions which apply to minor party candidates. The amount of the Federal payment in this case is based on the number of votes the candidate receives in the current election. The formula is the same as that outlined above in the case of minor parties.

The application of the payment formula for major party senatorial candidates is illustrated in the following table:

APPLICATION OF PAYMENT FORMULA FOR MAJOR PARTY SENATORIAL CANDIDATES BASED ON VOTES CAST IN A PRECEDING ELECTION

State	Total votes received by all candidates				Amount of maximum Federal payment[1]
	1962 senatorial election	1964 senatorial election	1966 senatorial election	1964 presidential election	
Alabama	397,079	----------	*802,600	479,085	‡$251,000
Alaska	58,181	----------	65,250	*67,259	‡100,000
Arizona	362,605	468,801	----------	*480,783	‡186,000
Arkansas	312,880	----------	([2])	*560,426	‡202,000
California	5,647,952	7,041,821	----------	*7,050,985	‡1,500,000
Colorado	613,444	----------	634,837	*772,749	‡245,000
Connecticut	1,029,301	1,208,163	----------	*1,218,578	‡334,000
Delaware	----------	200,703	164,531	*201,334	100,000
Florida	987,207	1,560,337	----------	*1,854,481	‡461,000
Georgia[3]	306,250	----------	631,330	*1,139,157	‡318,000
Hawaii	196,361	*208,814	----------	207,271	‡103,000
Idaho	258,786	----------	252,456	*292,477	‡132,000
Illinois	3,709,216	----------	3,822,724	*4,702,779	‡1,031,000
Indiana	1,800,038	2,076,963	----------	*2,091,606	‡508,000
Iowa	807,972	----------	887,491	*1,184,539	‡327,000
Kansas	622,228	----------	671,345	*857,901	‡262,000
Kentucky	820,088	----------	749,884	*1,046,132	‡299,000
Louisiana[4]	421,904	----------	437,695	*896,293	‡269,000
Maine	----------	380,551	319,535	*380,965	163,000
Maryland	708,855	1,081,049	----------	*1,116,407	‡313,000
Massachusetts	----------	2,312,028	2,076,826	*2,344,798	559,000
Michigan	----------	3,101,667	2,440,643	*3,203,102	731,000
Minnesota	----------	1,543,590	1,244,426	*1,554,462	401,000
Mississippi	----------	343,364	393,900	*409,038	172,000
Missouri	1,222,259	1,783,043	----------	*1,817,879	‡454,000
Montana	----------	*280,010	259,863	278,628	128,000
Nebraska	----------	563,401	485,098	*584,154	207,000
Nevada	97,192	133,730	----------	*135,433	‡100,000
New Hampshire	224,811	----------	229,129	*286,094	‡130,000
New Jersey	----------	2,709,575	2,130,688	*2,846,770	659,000
New Mexico	----------	325,771	258,193	*327,647	145,000
New York	5,703,117	7,151,581	----------	*7,166,015	‡1,523,000
North Carolina	813,155	----------	901,978	*1,424,983	‡375,000
North Dakota	223,737	*258,945	----------	258,389	‡121,000
Ohio	2,994,986	3,830,389	----------	*3,969,196	‡884,000
Oklahoma	----------	912,174	638,742	*932,499	‡276,000
Oregon	636,556	----------	685,067	*783,796	‡247,000
Pennsylvania	4,383,475	4,803,145	----------	*4,818,668	‡1,054,000
Rhode Island	----------	386,322	324,169	*390,078	167,000
South Carolina	312,642	----------	436,252	*524,748	‡195,000
South Dakota	254,319	----------	227,080	*293,118	‡133,000
Tennessee	----------	1,091,088	866,961	*1,144,046	319,000
Texas	----------	2,603,837	1,493,179	*2,626,811	615,000
Utah	318,411	397,384	----------	*400,310	‡170,000
Vermont	121,376	*164,350	----------	163,069	‡100,000
Virginia	----------	928,373	733,879	*1,042,267	298,000
Washington	943,229	1,213,088	----------	*1,258,374	‡342,000
West Virginia	----------	761,087	491,216	*792,040	248,000
Wisconsin	1,260,168	1,673,776	----------	*1,691,815	‡428,000
Wyoming	----------	141,670	122,689	*142,716	100,000

*Denotes election used in computing Federal payment.

‡Denotes State in which there will be a senatorial election in 1968.

[1] Amounts are rounded to the nearest $1,000. The amounts shown are the Federal payment which would be available to each major party candidate assuming there was a senatorial election in the State in 1968.

[2] Not available.

[3] The Republican candidate in Georgia would be neither a major nor a minor party candidate since no Republican ran in the 2 preceding senatorial elections. (The percentage of votes received by a party's candidate in either of the 2 preceding senatorial elections determines whether the party qualifies as a major or a minor party. 5 percent is needed to qualify as a minor party and 25 percent is needed to qualify as a major party.) Of course, a Republican candidate in the 1968 senatorial election in Georgia who received at least 5 percent of the vote would be entitled to a Federal payment based on the number of votes he received.

[4] The Republican candidate in Louisiana would be a minor party candidate since the party's candidate in the 1962 senatorial election received 24.4 percent of the vote. (There was no Republican candidate in the 1966 senatorial election.) The Federal payment to a minor party candidate is determined by applying the minor party formula to the number of votes received by the party's candidate in the base election (in this case, the 1964 presidential election, where the Republican candidate received 509,225 votes in Louisiana). Under this formula, the Federal payment to the Republican senatorial candidate in Louisiana would be $294,000. This amount, however, exceeds the Federal payment of $269,000 to the major party (Democratic) candidate, because the Republican candidate in the base election received more than 50 percent of the vote. Therefore, the payment to the minor party (Republican) candidate is limited by the bill to the $269,000 payment to the major party (Democratic) candidate.

If the Democratic and Republican candidates in each State in which there is a senatorial election in 1968 chose public financing, the maximum total Federal payments to those candidates would be $26,428,000. If

all Democratic and Republican candidates in the 1968, 1970, and 1972 senatorial elections (over which period there would be an election for each Senate seat) chose public financing, the total Federal payments to those candidates for the 6-year period would be approximately $73,222,000. This latter amount might be somewhat larger in actuality because future elections will be available as a basis for computing the Federal payments for the 1970 and 1972 senatorial elections, and a larger number of votes might be cast in those future elections.

A more detailed explanation of the provisions of the senatorial election campaign financing provisions is presented below.

1. Short title (sec. 221 of the bill)

The bill provides that this subtitle may be referred to as the Senatorial Election Campaign Fund Act of 1967.

2. Definitions (sec. 222 of the bill)

The following terms are the more important terms defined for purposes of determining eligibility for, and the amount of, Federal payments:

(*a*) An "authorized committee" of an eligible senatorial candidate is a political committee authorized in writing by the candidate to incur expenses to further his election. Unless a committee is authorized, its expenditures may not be reimbursed under this bill.

(*b*) A "candidate" is a person who either (a) has been nominated by a major party for United States Senator or (b) has qualified to have his name on the ballot as a senatorial candidate. For purposes of determining who is considered a candidate where a preceding senatorial election is involved (i.e., the definitions of major and minor parties and the Federal payment formula), a "candidate" is a person who received votes in the preceding senatorial election.

(*c*) An "eligible candidate" is one who has met all applicable conditions to receive Federal payments as described in No. 3 below.

(*d*) In defining a "major party" and a "minor party," the committee believes that a test based on a percentage of the votes cast in a preceding election is more realistic than a test based on an absolute number of votes. A percentage-of-votes test has the advantage of automatically compensating the definitions for increases in the size of the electorate. Accordingly, a "major party" is defined as a political party whose senatorial candidate in either of the two preceding senatorial elections in the State received at least 25 percent of the total vote for the office.

The committee believes a political party whose senatorial candidate in a State receives 5 percent of the vote is a sufficiently significant third party movement in that State to warrant the participation of its senatorial candidates in the public financing provisions. It is unlikely that a party with this much public support would be created solely to receive Federal payments or can be considered a frivolous movement.

Therefore, a "minor party" is defined as a political party whose senatorial candidate in either of the two preceding senatorial elections in the State received from 5 percent up to 25 percent of the total vote for the office.

Major and minor party candidates are entitled to Federal payments in the current election based on the number of votes received in the applicable preceding election. Thus, a major or minor party candidate

is guaranteed a Federal payment in the current election regardless of the number of votes he receives in the current election. Moreover, these candidates may receive Federal payments prior to the election as reimbursement for expenses they incurred in making their political campaign for office.

The candidate of any other political party who receives at least 5 percent of the vote in the current election is also entitled to a Federal payment. The amount of the payment, however, is based on the number of votes he receives in the current election. Thus, an "other party" candidate cannot receive a Federal payment prior to the election inasmuch as the current election determines both the entitlement to, and the amount of, the Federal payment.

(*e*) A "political committee" is an organization which accepts contributions or makes expenditures to influence the nomination or election of one or more persons to Federal, State, or local elective public offices. This includes political action committees.

(*f*) In order to effectuate the principle that public financing is an alternative, not a supplementary means of financing election campaigns, the bill defines a "qualified campaign expense" (the only type of expense for which Federal payment is authorized) as an expense (a) incurred by a candidate or an authorized committee to further his election, (b) incurred within the period beginning 60 days before the election and ending 30 days after the election, or incurred before that period for property, services, or facilities used during the period, and (c) which is not in violation of a United States law or a law of the State where the expense is incurred or paid.

"Qualified campaign expenses," therefore, are significant in that during the period 60 days before and 30 days after an election, public financing represents the only source of funds for campaign expenditures of an eligible major party candidate. On the other hand, private contributions and the candidates own personal funds will continue to be the only source of financing before the 60–30 day period. Since the 60 days before an election is the prime period when a campaign effort must be made if it is to be effective, the bill provides for public financing in the most significant part of the election campaign, when the most important activity must take place. Moreover, "qualified campaign expenses" include, in addition to expenses actually incurred during the campaign period beginning 60 days before the election, any other expenses incurred before that period for property, services, or facilities which are, in fact, used during the campaign period. In other words, a major party candidate who chooses to receive public funds may not use private contributions (no matter when contributed) to further his election during the campaign period. For example, if a major party candidate has private contributions which were contributed but not used during a primary campaign, these contributions cannot be used to further his campaign for election during the 60–30 day period if that candidate chooses to receive public funds.

The Comptroller General is to prescribe rules for the allocation of expenses which are incurred by a committee jointly for other candidates as well as for the senatorial candidate. In working out these rules, as well as the rules necessary to implement other parts of the public financing provisions, the Comptroller General will be able to call on the expertise of, and receive the advice of, the advisory group established under this bill to assist him.

3. Conditions for eligibility for payments (sec. 223 of the bill)

A senatorial candidate, in order to be eligible to receive Federal payments, must agree to furnish the Comptroller General with evidence of his qualified campaign expenses, with other necessary records or information, and with periodic statements (during the campaign) of the qualified campaign expenses already incurred and proposed to be incurred. He must also agree to an audit of his qualified campaign expenses by the Comptroller General and to repay any amounts which the Comptroller General requires to be repaid.

The committee has also endeavored to effectuate the principle of wholly public financing by requiring candidates who choose public financing to make certain certifications under penalty of perjury as a condition of the election. The purpose of these requirements is to prevent any commingling of public and private campaign moneys in the election campaigns of candidates who choose to apply for public financing of their campaigns. Thus, a candidate of a major party must certify that he and his authorized committees will not incur qualified campaign expenses in excess of those for which he can receive Federal payments. In essence, this requirement means that the candidate who accepts Federal payments cannot use his own funds or contributed funds for qualified campaign expenses. The candidate must also certify that neither he nor his authorized committees have accepted or will accept any contributions for his qualified campaign expenses.

A candidate of a minor party, or any other nonmajor party, who chooses public financing must certify that he and his authorized committees will not incur qualified campaign expenses in excess of those for which a major party candidate for the office can receive Federal payments. The candidate must also certify that he and his authorized committees will accept and spend or keep contributions to defray qualified campaign expenses only to the extent of the amount by which his allowable qualified campaign expenses exceed the amount of his Federal payment. This requirement guarantees that no minor or other nonmajor party candidate, who is allowed to use both public and private funds for his election campaign, will make a profit by virtue of receiving public funds under this bill.

In determining whether, or to what extent, eligible candidates or their authorized committees have accepted contributions, personal services of a noncommercial nature which are rendered by volunteers will generally not be taken into account. Thus, a person who, without pay by anyone, addresses envelopes or makes telephone calls or home visits for a candidate will not be considered to have made a contribution to the candidate. Moreover, a candidate will not be considered to have accepted a contribution because he stays overnight at the home of a friend in a town which he visits in the course of a campaign speaking tour. On the other hand, a contribution will be considered to have been made to a candidate if a printing shop owner prints handbills for the candidate and either does not charge the candidate for the job or sells the handbills to the candidate at less than the price normally charged.

4. Entitlement of eligible candidates to payments (sec. 224 of the bill)

Each major party candidate should have an equal opportunity to present himself and his views on the issues to the electorate. The committee's bill assures this equality by providing that the senatorial

candidates of all major parties in a State will be entitled to the same amount of public funds. Of course, the amounts determined under the formulas are maximum payments. A candidate will receive public funds only as reimbursement for qualified campaign expenses actually incurred by him or his authorized committees. This will entirely eliminate any possibility of private gain, intended or unintended, by the candidate.

The Federal payment a senatorial candidate may receive is determined in accordance with a sliding scale. The amount a major party candidate may receive is based on the total number of votes received by all senatorial candidates, or by all presidential candidates, in whichever of the two preceding senatorial elections or the preceding presidential election in the State the largest number of votes was cast. The scale for a major party candidate is as follows:

(1) 50 cents per vote for the first 200,000 votes, plus
(2) 35 cents per vote for the next 200,000 votes, plus
(3) 20 cents per vote for each vote over 400,000.

The minimum payment to which a major party candidate is entitled in reimbursement for his qualified campaign expenses is $100,000.

In the case of candidates of minor parties and other nonmajor parties, the amount of the Federal payment is determined with reference only to the number of votes received by the party's candidate, as a means of relating the amount of the Federal payment to the amount of the public support for the party. Accordingly, the Federal payment formulas for candidates of minor parties and other nonmajor parties provide for a payment of twice as much per vote as the major party candidate formula (but as indicated below the payment may never exceed that for a major party candidate).

The Federal payment a minor party candidate may receive is based on the number of votes received by the senatorial candidate or the presidential candidate of the party in whichever of the two preceding senatorial elections or the preceding presidential election in the State the largest number of votes was cast for the party's candidate. The scale for a minor party candidate is as follows:

(1) $1 per vote for the first 100,000 votes, plus
(2) 70 cents per vote for the next 100,000 votes, plus
(3) 40 cents per vote for each vote over 200,000 votes.

The Federal payment a senatorial candidate of "any other political party" (i.e., neither a major nor minor party based on the preceding election) may receive, assuming that he receives at least 5 percent of the vote in the current election, is based on the number of votes he receives in the current election. The scale in this case is as follows:

(1) $1 per vote for the first 100,000 votes, plus
(2) 70 cents per vote for the next 100,000 votes, plus
(3) 40 cents per vote for each vote over 200,000.

However, a minor party candidate may also apply the scale based on the current election if this results in a larger payment than that determined on the basis of a prior election.

Under the bill, a candidate of a nonmajor party may accept private contributions for his qualified campaign expenses, in addition to public funds. It would be unreasonable to require a nonmajor party candidate to rely solely on public funds for his qualified campaign expenses, because the amount of the public funds made available to the candi-

date (even based on the current election) may not be great enough to allow him to make a serious campaign effort. The committee does not believe, however, that nonmajor party candidates should be allowed to accept private contributions for their qualified campaign expenses to the extent that this results either in the candidate profiting by receiving public funds or in the candidate having more funds available for his qualified campaign expenses than a major party candidate (who must rely solely on public funds). Therefore, the bill provides limitations on the amount of the Federal payments which a nonmajor party candidate may receive.

For the reasons given above, the Federal payment to minor, or other nonmajor, party candidates is limited to the smaller of—

(1) The qualified campaign expenses of the candidate and his authorized committees, less contributions for qualified campaign expenses received and not returned to the donors; or

(2) The amount of the Federal payments major party candidates may receive, less the contributions for qualified campaign expenses received by the nonmajor party candidate and not returned.

Major, minor or other party candidates may receive Federal payments only for the following purposes: (1) to pay their qualified campaign expenses, (2) to repay loans used for their qualified campaign expenses, or (3) to restore funds used for their qualified campaign expenses which were borrowed from general campaign financing sources (not earmarked for qualified campaign expenses).

5. Certification by Comptroller General (sec. 225 of the bill)

The Comptroller General, on the basis of evidence submitted by the candidate, is to certify to the Secretary of the Treasury the amount of Federal payments to which the candidate is entitled.

These certifications are not subject to review except by the Comptroller General pursuant to the audit and repayment provisions described below.

6. Payments to eligible candidates (sec. 226 of the bill)

Payments by the Secretary of the Treasury are made out of a fund known as the "Senatorial Election Campaign Fund" to which the necessary sums are permanently appropriated. This assures that candidates who choose public financing may do so with confidence that the prescribed amount of public funds will be available. Moreover, by providing permanent appropriations, there will be avoided the problems arising from allegations which might be made in an election year that there were delays in appropriating amounts to the fund or that insufficient amounts were appropriated.

In order to minimize the impact of the public financing provisions on the existing political structure, to provide greater control over the use of public moneys, and to insure that the public moneys will be in fact spent for campaign expenses, the bill focuses on candidates rather than political parties. As one aspect of this, payments by the Secretary of the Treasury are to be made to the candidates, rather than to political parties. Thus, prospective candidates (or candidates for other offices) will not find themselves at the handicap with the political parties which might result from placing the public funds at the disposal of the parties rather than the candidates. Moreover, a national committee of a political party will not be able to use control

of a large Federal payment as a weapon to dictate party policies and strategies to State and local committees and candidates and potential candidates. In these cases the Government will have recourse to one specific individual, the candidate, should problems arise over the use of the Federal payment, and none of the payment will be used for continuing expenses of a party nor be diverted to the campaigns or other uses of other candidates. Moreover, since payments are made to, and repayments are required from candidates, not parties, political debts cannot be passed on from one election to the next.

7. Examinations and audits; repayment (sec. 227 of the bill)

In order to insure compliance with the requirements of the public financing provisions, the Comptroller General is to conduct after each election a thorough audit of the qualified campaign expenses of each candidate entitled to receive a Federal payment. In a number of types of situations, the bill provides that the Comptroller General is to require repayment of the public funds received by a candidate. The conditions under which the Comptroller General is to provide for repayments are as follows:

(1) If he determines that amounts were paid to candidates in excess of the amounts to which they were entitled, the excess amounts must be repaid.

(2) If he determines that a candidate and his authorized committees incurred qualified campaign expenses greater than those for which a major party candidate may receive Federal payments, the candidate must repay an amount equal to the excess amount.

(3) If he determines that a major party candidate or his authorized committees accepted any private contributions for qualified campaign expenses, the candidate must repay an amount equal to the amount of the contributions.

(4) If he determines that any Federal payment to a candidate was used other than for the payment of qualified campaign expenses or to repay loans or restore funds (other than earmarked contributions) used to pay these campaign expenses, the candidate must repay an amount equal to the amount so improperly used.

If repayments are required of a candidate under more than one of the provisions included here, the total of the repayments he is to make may not exceed the Federal payments he received. Determinations and notifications by the Comptroller General as to repayments must be made within 3 years after the senatorial election.

8. Information on proposed expenses (sec. 228 of the bill)

Inasmuch as public funds will represent, for most candidates choosing public financing, the only source of funds for qualified campaign expenses and thus should not be spent at a rate which would exhaust a candidate's entitlement before the campaign is over, it is important for candidates who choose public financing periodically to apprise the Comptroller General in detail of the expenses they have already incurred as well as of the expenses they propose to incur. With the benefit of this information, the Comptroller General will be better able to administer the public financing provisions and to notify candidates if they are spending their public entitlement at an excessive rate. Moreover, since public moneys are involved, it is desirable for the Comptroller General to make public a summary of these periodic statements he receives from the candidates.

Accordingly, the committee has provided that during the course of a campaign, candidates who are entitled to receive Federal payments must furnish to the Comptroller General detailed statements of the qualified campaign expenses already incurred, as well as of the expenses they propose to incur. The Comptroller General must require these statements to be furnished at least as often as once a week during the second, third, and fourth weeks prior to the election and twice during the week immediately prior to the election. As soon as possible after the Comptroller General receives a statement, he is to prepare and publish a summary of it in the Federal Register.

9. Reports to Congress; regulations (sec. 229 of the bill)

The program for the public financing of senatorial election campaigns recommended here is one of great significance. With a program of this nature, it is desirable for the Congress to be apprised after each election of the more important aspects of the program in actual practice.

Accordingly, the bill provides that after each senatorial election, the Comptroller General is to report to the Senate regarding payments to, and qualified expenses of, candidates and the repayments required. The Comptroller General may prescribe regulations, conduct examinations, audits, and investigations, and require books, records, and information to be maintained and submitted, as he deems necessary to carry out his functions and duties under the public financing provisions.

10. Criminal penalties (sec. 230 of the bill)

As a means of assuring that public moneys are not misused and that the requirements of the public financing provisions are fully complied with, criminal penalties are provided for various types of wrongdoing in connection with these public financing provisions. The cases where criminal penalties are provided are as follows:

(1) A criminal penalty is provided where an eligible candidate and his authorized committees knowingly and willfully incur qualified campaign expenses in excess of those for which a major party candidate may receive Federal funds. This criminal penalty is a fine of not more than $5,000, or imprisonment for not more than 1 year, or both.

(2) A criminal penalty is provided where a major party candidate and his authorized committees knowingly and willfully accept any contribution for his qualified campaign expenses. This criminal penalty is a fine of not more than $5,000, or imprisonment for not more than one year, or both.

(3) A criminal penalty is provided where a nonmajor party candidate and his authorized committees knowingly and willfully accept and spend or keep an amount of contributions for qualified campaign expenses which exceeds his qualified campaign expenses. If nonmajor party candidates or their authorized committees spend contributions for qualified campaign expenses and have accepted contributions for qualified campaign expenses, as well as nonearmarked contributions, the earmarked contributions will be considered to be the contributions spent for the qualified campaign expenses to the extent of these earmarked contributions. This criminal penalty is a fine of not more than $5,000 or imprisonment of not more than 1 year, or both.

(4) A criminal penalty is provided where a person receiving a Federal payment, or where a person to whom any portion of such a

payment is transferred, knowingly and willfully uses the payment other than to pay qualified campaign expenses or to repay loans, or otherwise restore funds (other than earmarked contributions), used for qualified campaign expenses. This criminal penalty is a fine of not more than $10,000 or imprisonment for not more than 5 years, or both.

(5) A criminal penalty is provided where a person knowingly and willfully submits false information to the Comptroller General or fails to furnish information requested by the Comptroller General for purposes of the senatorial election campaign financing provisions. This criminal penalty is a fine of not more than $10,000 or imprisonment for not more than 5 years, or both.

(6) A criminal penalty is provided where any person knowingly and willfully gives or accepts a kickback or an illegal payment in connection with a qualified campaign expense. In addition, a civil penalty is provided where any such kickback or payment is, in fact, accepted. The criminal penalty is a fine of not more than $10,000, or imprisonment for not more than 5 years, or both. The civil penalty requires the person accepting the kickback or illegal payment to pay the Treasury an amount equal to 125 percent of the kickback or payment received.

(7) A criminal penalty is provided where an unauthorized political committee knowingly and willfully makes more than $1,000 in the aggregate of contributions to a candidate who is receiving Federal funds. The penalty also would apply if an unauthorized committee should spend more than $1,000 for a candidate's qualified campaign expenses. This criminal penalty is a fine of not more than $5,000 in the case of a political committee and for an officer or member of a committee who knowingly and willfully consents to the violation, a fine of not more than $5,000 or imprisonment for not more than 1 year, or both.

11. Effective date (sec. 231 of the bill)

The public financing provisions for senatorial candidates take effect generally on January 1, 1968, although the Comptroller General may prescribe regulations any time after enactment of the bill.

E. GENERAL EXPLANATION OF ADVISORY BOARD (SEC. 251 OF THE BILL)

An advisory board is established to counsel and assist the Comptroller General in carrying out his duties under the presidential and senatorial election financing provisions. The duties of the advisory board are similar to those established by existing law, except for the enlargement of the board's responsibilities to include counseling and assisting the Comptroller General with respect to the Senatorial Election Campaign Fund Act of 1967.

There is added to the board, as constituted under existing law, the majority and minority leaders of the Senate and the Speaker and minority leader of the House as ex officio members. The other board members consist of two members from each major party selected by the Comptroller General from recommendations made by each major party and three members representing the general public selected by the other members.

F. GENERAL EXPLANATION OF OTHER PROVISIONS

1. The Election Reform Act of 1967 (title III of the bill)

As previously indicated, the committee, in recognition of the desirability of accompanying provisions for the financing of election campaigns with election reform provisions, has included in the bill the text of the Election Reform Act of 1967 (S. 1880) which the Senate passed unanimously on September 12, 1967. In general, the major changes in existing law embodied in these provisions are as follows:

(1) Reporting of campaign expenditures made and contributions received is required of candidates for nomination to Federal office in primary elections and political conventions, as well as for election in general and special elections.

(2) Reporting is required of presidential and vice presidential candidates for nomination or election.

(3) Full reporting of expenditures made for candidates for nomination or election to Federal office and contributions received for the candidates is extended to political committees operating in only one State, which make such expenditures and receive such contributions of more than $1,000 a year.

(4) Disclosure to the public of information contained in reports filed by candidates and political committees is required.

(5) The statutory limitations on expenditures by candidates for the Senate and House and by national political committees are eliminated.

(6) The provisions of present law dealing, in general, with prohibitions on various types of activity designed to influence voters improperly, on soliciting political contributions from Federal employees, and on certain political contributions and expenditures (secs. 597, 599, 600, 602, 608, and 610 of title 18) are made applicable with respect to all candidates for Federal office and all political committees supporting them which make expenditures or receive contributions of more than $1,000 a year. In addition, political committees are prohibited (sec. 602 of title 18) from soliciting contributions from Federal employees, and the $5,000 limitation in section 608 of title 18 is applied to the aggregate contributions made to a candidate himself and all political committees supporting him.

For a more detailed discussion of the election reform provisions, see Senate Report No. 515 (90th Cong., first sess.) and pp. S12754–S12757 and S12774–S12800 of the daily Congressional Record for Monday, September 11, 1967, and pp. S12809–S12816, S12844–S12850, and S12859–S12873 of the daily Congressional Record for Tuesday, September 12, 1967.

2. Prohibition of certain election campaign practices (title IV of the bill)

As indicated previously, there are two practices frequently found in connection with election campaigns which we believe it is desirable to prohibit. These practices are (1) the soliciting of votes in an election within the vicinity of a polling place and (2) paying persons to provide transportation to voters in an election. The prohibition of these practices in Federal elections is especially important

in view of the fact that under the provisions of the bill regarding the public financing of presidential and senatorial election campaigns, public funds may not be received in reimbursement for illegal expenses.

Therefore, the committee has provided a criminal penalty where any person engages in soliciting votes within 500 feet of a polling place used in a Federal election during the hours the polling place is open in connection with the Federal election, including distributing campaign literature or displaying any form of political advertising. This penalty does not apply where the signs, pictures, etc., are placed or displayed on private property by the owner, lessee or occupant or by another person with the consent of one of the former. In addition, the penalty is not to apply where campaign material is placed or displayed on a table or shelf near a polling place designated under a State law regulating the placing and display of campaign material near polling places.

The bill provides a criminal penalty where any person pays another person to provide transportation to voters to enable them to vote in a Federal election. Providing transportation to persons to enable them to vote in a Federal election includes assisting the persons in getting to, or within the vicinity of, the polling place, as well as assisting them in getting from, or from the vicinity of, the polling place after they have voted. This criminal penalty does not apply, however, in two limited situations: (1) where a person pays for his own transportation to enable him to vote; and (2) where a person pays for the transportation of another person who is accompanying him if the transportation is to enable both persons to vote.

The criminal penalties referred to above are fines of not more than $500, or imprisonment for not more than 6 months, or both. In the case of willful violations, the penalties are fines of not more than $1,000 or imprisonment for not more than 1 year, or both.

III. WORKING CAPITAL FUND FOR TREASURY DEPARTMENT (HOUSE BILL)

a. Reasons for the provision.—At the present time the Department of the Treasury is performing, on a reimbursable basis—through its "Salaries and expenses" appropriation for the Office of the Secretary—various centralized services which benefit a number of Treasury bureaus financed by separate appropriations. This procedure is in contrast to the procedures employed by other Government agencies, which use the working capital fund method of financing centralized services.

These other agencies of the Government include the Departments of Agriculture (5 U.S.C. 542–1), Commerce (5 U.S.C. 607), Health, Education, and Welfare (42 U.S.C. 905), Interior (5 U.S.C. 502), Labor (5 U.S.C. 62a), and State (5 U.S.C. 170u). (The recently enacted legislation, Public Law 89–670, approved October 15, 1966, creating the new Department of Transportation, also provides for the creation of a similar working capital fund.) The experience of those agencies with the working capital fund method of financing has demonstrated the value of this method of managing and financing for certain services.

In the case of the Treasury Department, the establishment of a working capital fund is to allow for the consolidation of those various centralized services described above which the Treasury Department presently is performing through its salaries and expenses appropriation. It thus is expected to place these services on a more systematic and businesslike basis, and assist the Department in presenting a more accurate cost-basis budget. This method of managing, financing, and accounting could be used whenever a consolidated services operation exists or is needed in the Department.

b. Explanation of the provision.—The working capital fund established by the bill is to be a revolving fund of working capital employed to finance administrative service operations servicing more than one appropriation or activity. The fund is to finance the central buying of materials, supplies, labor, and other services; the holding and issuing of materials and supplies; and the processing of materials into other forms for use. The supplies, materials, and services are to be sold on order to customer activities on the basis of actual cost and the fund reimbursed. The working capital thus is expected to provide a means for accumulating reserves to cover the cost of repairing and replacing equipment and the stocking of supplies under the most advantageous conditions.

The centralized services which the Department of the Treasury initially proposes to finance through the working capital fund include printing and duplicating, procurement of supplies, materials and equipment, and telecommunication services. Other services are to be added as specifically determined by the Secretary of the Treasury with the approval of the Director of the Bureau of the Budget. All such services must meet the test of being more advantageous and economically performed as central services.

In recommending this bill, the committee understands that an annual business-type budget is to be prepared for submission to the Congress and included in the President's budget. The Appropriations Committee thus is to be kept informed of the activities being carried out and to appropriate the required funds in the appropriations of the bureaus receiving the services.

The bill as reported places a limitation of $1 million on the capital in the working fund which is to be made up of inventories and equipment and other assets, including any appropriations which may be made for this purpose. The fund is expected to revolve several times during a fiscal year. This section of the bill, as reported by the committee, is identical with H.R. 11158 of the 89th Congress, which was passed by the House of Representatives on October 21, 1966.

IV. CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1954

Chapter 1.—NORMAL TAXES AND SURTAXES

Subchapter A.—Determination of Tax Liability

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PART IV—CREDITS AGAINST TAX

Subpart A. Credits allowable.
Subpart B. Rules for computing credit for investment in certain depreciable property.

Subpart A—Credits Allowable

Sec. 31. Tax withheld on wages.
Sec. 32. Tax withheld at source on nonresident aliens and foreign corporations and on tax-free covenant bonds.
Sec. 33. Taxes of foreign countries and possessions of the United States.
Sec. 35. Partially tax-exampt interest received by individuals.
Sec. 36. Credits not allowed to individuals paying optional tax or taking standard deduction.
Sec. 37. Retirement income.
Sec. 38. Investment in certain depreciable property.
Sec. 39. Certain uses of gasoline and lubricating oil.
Sec. 40. Political contributions.
Sec. [40] *41.* Overpayments of tax.

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SEC. 40. POLITICAL CONTRIBUTIONS.

(a) GENERAL RULE.—In the case of an individual, there shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to one-half of so much of the political contributions as does not exceed $50, payment of which is made by the taxpayer within the taxable year.

(b) LIMITATIONS.—

(1) MARRIED INDIVIDUALS.—In the case of a joint return of a husband and wife under section 6013, the credit allowed by subsection (a) shall not exceed $25. In the case of a separate return of a married individual, the credit allowed by subsection (a) shall not exceed $12.50.

(2) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), and section 38 (relating to investment in certain depreciable property).

(3) VERIFICATION.—The credit allowed by subsection (a) shall be allowed, with respect to any political contribution, only if such political contribution is verified in such manner as the Secretary or his delegate shall prescribe by regulations.

(c) DEFINITIONS.—For purposes of this section—

(1) POLITICAL CONTRIBUTION.—The term "political contribution" means a contribution or gift of money to—

(A) an individual who is a candidate for nomination or election to any Federal, State, or local elective public office in any primary, general, or special election, or in any national,

State, or local convention or caucus of a political party, for use by such individual to further his candidacy for nomination or election to such office;

(B) any committee, association, or organization (whether or not incorporated) organized and operated exclusively for the purpose of influencing, or attempting to influence, the nomination or election of one or more individuals who are candidates for nomination or election to any Federal, State, or local elective public office, for use by such committee, association, or organization to further the candidacy of such individual or individuals for nomination or election to such office;

(C) the national committee of a national political party;

(D) the State committee of a national political party as designated by the national committee of such party; or

(E) a local committee of a national political party as designated by the State committee of such party designated under subparagraph (D).

(2) CANDIDATE.—The term "candidate" means, with respect to any Federal, State, or local elective public office, an individual who—

(A) has publicly announed that he is a candidate for nomination or election to such office; and

(B) meets the qualifications prescribed by law to hold such office.

(3) NATIONAL POLITICAL PARTY.—The term "national political party" means—

(A) in the case of contributions made during a taxable year of the taxpayer in which the electors of President and Vice President are chosen, a political party presenting candidates or electors for such offices on the official election ballot of 10 or more States, or

(B) in the case of contributions made during any other taxable year of the taxpayer, a political party which met the qualifications described in subparagraph (A) in the last preceding election of a President and Vice President.

(4) STATE AND LOCAL.—The term "State" means the various States and the District of Columbia; and the term "local" means a political subdivision or part thereof, or two or more political subdivisions or parts thereof, of a State.

(d) CROSS REFERENCES.—

For disallowance of credits to estates and trusts, see section 642(a)(3).

SEC. [40] *41.* OVERPAYMENTS OF TAX.

For credit against the tax imposed by this subtitle for overpayments of tax, see section 6401.

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Subchapter J.—Estates, Trusts, Beneficiaries, and Decedents

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SEC. 642. SPECIAL RULES FOR CREDITS AND DEDUCTIONS.

(a) CREDITS AGAINST TAX.—

(1) PARTIALLY TAX-EXEMPT INTEREST.—An estate or trust shall be allowed the credit against tax for partially tax-exempt

interest provided by section 35 only in respect of so much of such interest as is not properly allocable to any beneficiary under section 652 or 662. If the estate or trust elects under section 171 to treat as amortizable the premium on bonds with respect to the interest on which the credit is allowable under section 35, such credit (whether allowable to the estate or trust or to the beneficiary) shall be reduced under section 171 (a) (3).

(2) FOREIGN TAXES.—An estate or trust shall be allowed the credit against tax for taxes imposed by foreign countries and possessions of the United States, to the extent allowed by section 901, only in respect of so much of the taxes described in such section as is not properly allocable under such section to the beneficiaries.

(3) POLITICAL CONTRIBUTIONS.—An estate or trust shall not be allowed the credit against tax for political contributions provided by section 40.

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Chapter 61.—INFORMATION AND RETURNS

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Subchapter A.—Returns and Records

[PART VIII—DESIGNATION OF INCOME TAX PAYMENTS TO PRESIDENTIAL ELECTION CAMPAIGN FUND

[Sec. 6096. Designation by individuals.

[SEC. 6096. DESIGNATION BY INDIVIDUALS.

[(a) IN GENERAL.—Every individual (other than a nonresident alien) whose income tax liability for any taxable year is $1 or more may designate that $1 shall be paid into the Presidential Election Campaign Fund established by section 303 of the Presidential Election Campaign Fund Act of 1966.

[(b) INCOME TAX LIABILITY.—For purposes of subsection (a), the income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of the credits (as shown in his return) allowable under sections 32(2), 33, 35, 37, and 38.

[(c) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year, in such manner as the Secretary or his delegate may prescribe by regulations—

[(1) at the time of filing the return of the tax imposed by chapter 1 for such taxable year, or

[(2) at any other time (after the time of filing the return of the tax imposed by chapter 1 for such taxable year) specified in regulations prescribed by the Secretary or his delegate.]

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TITLE III OF PUBLIC LAW 89-809

[TITLE III—PRESIDENTIAL ELECTION CAMPAIGN FUND ACT

[SEC. 301. SHORT TITLE.

[This title may be cited as the "Presidential Election Campaign Fund Act of 1966".

* * * * * * *

[SEC. 303. PRESIDENTIAL ELECTION CAMPAIGN FUND.

[(a) ESTABLISHMENT.—There is hereby established on the books of the Treasury of the United States a special fund to be known as the "Presidential Election Campaign Fund" (hereafter in this section referred to as the "Fund"). The Fund shall consist of amounts transferred to it as provided in this section.

[(b) TRANSFERS TO THE FUND.—The Secretary of the Treasury shall, from time to time, transfer to the Fund an amount equal to the sum of the amounts designated by individuals under section 6096 of the Internal Revenue Code of 1954 for payment into the Fund.

[(c) PAYMENTS FROM FUND.—

[(1) IN GENERAL.—The Secretary of the Treasury shall, with respect to each presidential campaign, pay out of the Fund, as authorized by appropriation Acts, into the treasury of each political party which has complied with the provisions of paragraph (3) an amount (subject to the limitation in paragraph (3)(B)) determined under paragraph (2).

[(2) DETERMINATION OF AMOUNTS.—

[(A) Each political party whose candidate for President at the preceding presidential election received 15,000,000 or more popular votes as the candidate of such political party shall be entitled to payments under paragraph (1) with respect to a presidential campaign equal to the excess over $5,000,000 of—

[(i) $1 multiplied by the total number of popular votes cast in the preceding presidential election for candidates of political parties whose candidates received 15,000,000 or more popular votes as the candidates of such political parties, divided by

[(ii) the number of political parties whose candidates in the preceding presidential election received 15,000,000 or more popular votes as the candidates of such political parties.

[(B) Each political party whose candidate for President at the preceding presidential election received more than 5,000,000, but less than 15,000,000, popular votes as the candidate of such political party shall be entitled to payments under paragraph (1) with respect to a presidential campaign equal to $1 multiplied by the number of popular votes in excess of 5,000,000 received by such candidate as the candidate of such political party in the preceding presidential election.

[(C) Payments under paragraph (1) shall be made with respect to each presidential campaign at such times as the Secretary of the Treasury may prescribe by regulations, except that no payment with respect to any presidential campaign shall be made before September 1 of the year of the presidential election with respect to which such campaign is conducted. If at the time so prescribed for any such payments, the moneys in the Fund are insufficient for the Secretary to pay into the treasury of each political party which is entitled to a payment under paragraph (1) the amount to which such party is entitled, the payment to all such parties at such time shall be reduced pro rata, and the amounts not paid at such time shall be paid when there are sufficient moneys in the Fund.

[(3) LIMITATIONS.—

[(A) No payment shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign unless the treasurer of such party has certified to the Comptroller General the total amount spent or incurred (prior to the date of the certification) by such party in carrying on such presidential campaign, and has furnished such records and other information as may be requested by the Comptroller General.

[(B) No payment shall be made under paragraph (1) into the treasury of a political party with respect to any presidential campaign in an amount which, when added to previous payments made to such party, exceeds the amount spent or incurred by such party in carrying on such presidential campaign.

[(4) The Comptroller General shall certify to the Secretary of the Treasury the amounts payable to any political party under paragraph (1). The Comptroller General's determination as to the popular vote received by any candidate of any political party shall be final and not subject to review. The Comptroller General is authorized to prescribe such rules and regulations, and to conduct such examinations and investigations, as he determines necessary to carry out his duties and functions under this subsection.

[(5) DEFINITIONS.—For purposes of this subsection—

[(A) The term "political party" means any political party which presents a candidate for election to the office of President of the United States.

[(B) The term "presidential campaign" means the political campaign held every fourth year for the election of presidential and vice presidential electors.

[(C) The term "presidential election" means the election of presidential electors.

[(d) TRANSFERS TO GENERAL FUND.—If, after any presidential campaign and after all political parties which are entitled to payments under subsection (c) with respect to such presidential campaign have been paid the amounts to which they are entitled under subsection (c), there are moneys remaining in the Fund, the Secretary of the Treasury shall transfer the moneys so remaining to the general fund of the Treasury.

[SEC. 304. ESTABLISHMENT OF ADVISORY BOARD.

[(a) There is hereby established an advisory board to be known as the Presidential Election Campaign Fund Advisory Board (hereafter in this section referred to as the "Board"). It shall be the duty and function of the Board to counsel and assist the Comptroller General in the performance of the duties imposed on him under section 303 of this Act.

[(b) The Board shall be composed of two members representing each political party whose candidate for President at the last presidential election received 15,000,000 or more popular votes as the candidate of such political party, which members shall be appointed by the Comptroller General from recommendations submitted by each such political party, and of three additional members selected by the members so appointed by the Comptroller General. The term of the first members of the Board shall expire on the 60th day after the date of the first presidential election following the date of the enactment of this Act and the term of subsequent members of the Board shall begin on the 61st day after the date of a presidential election and expire on the 60th day following the date of the subsequent presidential election. The Board shall select a Chairman from among its members.

[(c) Members of the Board shall receive compensation at the rate of $75 a day for each day they are engaged in performing duties and functions as such members, including travel time, and, while away from their homes or regular places of business, shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

[(d) Service by an individual as a member of the Board shall not, for purposes of any other law of the United States, be considered as service as an officer or employee of the United States.

[SEC. 305. APPROPRIATIONS AUTHORIZED.

[There are authorized to be appropriated, out of the Presidential Elections Campaign Fund, such sums as may be necessary to enable the Secretary of the Treasury to make payments under section 303 of this Act.]

TITLE III—FINANCING OF PRESIDENTIAL ELECTION CAMPAIGNS

SHORT TITLE

SEC. 301. This title may be cited as the "Presidential Flection Campaign Fund Act of 1966".

DEFINITIONS

SEC. 302. For purposes of this title—

(1) The term "authorized committee" means, with respect to the eligible candidates of a political party, any political committee which is authorized in writing by such candidates to incur expenses to further the election of such candidates. Such authorization shall be addressed to the chairman of such political committee, and a copy of such authorization shall be filed by such candidates with the Comptroller General. Any withdrawal of any authorization shall also be in writing and shall be addressed and filed in the same manner as the authorization.

(2) The term "candidate" means, with respect to any presidential election, an individual who (A) has been nominated for election to the office of President of the United States or the office of Vice President of the United States by a majority party, or (B) has qualified to have his name on the election ballot (or to have the names of electors pledged to him on the election ballot) as the candidate of a political party for election to either such office in 10 or more States. For purposes of paragraphs (3) and (7) of this section and purposes of sections 304(a) (1) and (2), the term "candidate" means, with respect to any preceding presidential election, an individual who received popular votes for the office of Presiden in such election.

(3) The term "Comptroller General" means the Comptroller General of the United States.

(4) The term "eligible candidates" means the candidates of a political party for President and Vice President of the United States who have met all applicable conditions for eligibility to receive payments under this title set forth in section 303.

(5) The term "Fund" means the Presidential Election Campaign Fund established by section 306(a).

(6) The term "major party" means, with respect to any presidential election, a political party whose candidate for the office of President in the preceding presidential election received, as the candidate of such party, 25 percent or more of the total number of popular votes received by all candidates for such office.

(7) The term "minor party" means, with respect to any presidential election, a political party whose candidate for the office of President in the preceding presidential election received, as the candidate of such party, 5 percent or more but less than 25 percent of the total number of popular votes received by all candidates for such office.

(8) The term "political committee" means any committee, association, or organization (whether or not incorporated) which accepts contributions or makes expenditures for the purpose of influencing, or attempting to influence, the nomination or election of one or more individuals to Federal, State, or local elective public office.

(9) The term "presidential election" means the election of presidential and vice presidential electors.

(10) The term "qualified campaign expense" means an expense—

"(A) incurred (i) by the candidate of a political party for the office of President to further his election to such office or to further the election of the candidate of such political party for the office of Vice President, or both, (ii) by the candidate of a political party for the office of Vice President to further his election to such office or to further the election of the candidate of such political party for the office of President, or both, or (iii) by an authorized committee of the candidates of a political party for the offices of President and Vice President to further the election of either or both of such candidates to such offices,

"(B) incurred within the period beginning 60 days before the day of a presidential election and ending 30 days after such day, or incurred before the beginning of such period to the extent such expense is for property, services, or facilities used during such period, and

"(C) neither the incurring nor payment of which constitutes a violation of any law of the United States or of the State in which such expense is incurred or paid.

An expense shall be considered as incurred by a candidate or an authorized committee if it is incurred by a person authorized by such candidate or such committee, as the case may be, to incur such expense on behalf of such candidate or such committee. If an authorized committee of the eligible candidates of a political party also incurs expenses to further the election of one or more other individuals to Federal, State, or local elective public office, expenses incurred by such committee which are not specifically to further the election of such other individual or individuals shall be considered as incurred to further the election of such eligible candidates in such proportion as the Comptroller General prescribes by rules or regulations.

(11) The term "Secretary" means the Secretary of the Treasury.

CONDITIONS FOR ELIGIBILITY FOR PAYMENTS

SEC. 303. (a) In order to be eligible to receive any payments under section 306, the candidates of a political party in a presidential election shall, in writing—

(1) agree to obtain and furnish to the Comptroller General such evidence as he may request of the qualified campaign expenses with respect to which payment is sought,

(2) agree to keep and furnish to the Comptroller General such records, books, and other information as he may request,

(3) agree to an audit and examination by the Comptroller General under section 307 and to pay any amounts required to be paid under such section, and

(4) agree to furnish statements of qualified campaign expenses and proposed qualified campaign expenses required under section 308.

(b) In order to be eligible to receive any payments under section 306, the candidates of a major party in a presidential election shall certify to the Comptroller General, under penalty of perjury, that—

(1) such candidates and their authorized committees will not incur qualified campaign expenses in excess of the aggregate payments to which they will be entitled under section 304, and

(2) no contributions to defray qualified campaign expenses (or expenses which would be qualified campaign expenses but for subparagraph (C) of section 302(10)) have been or will be accepted by such candidates or any of their authorized committees.

Such certification shall be made within such time prior to the day of the presidential election as the Comptroller General shall prescribe by rules or regulations.

(c) In order to be eligible to receive any payments under section 306, the candidates of a political party (other than a major party) in a presidential election shall certify to the Comptroller General, under penalty of perjury, that—

(1) such candidates and their authorized committees will not incur qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party are entitled under section 304, and

(2) such candidates and their authorized committees will accept and expend or retain contributions to defray qualified campaign expenses only to the extent that the qualified campaign expenses incurred by such candidates and their authorized committees certified to under paragraph (1) exceed the aggregate payments to which such candidates will be entitled under section 304.

Such certification shall be made within such time prior to the day of the presidential election as the Comptroller General shall prescribe by rules or regulations.

ENTITLEMENT OF ELIGIBLE CANDIDATES TO PAYMENTS

SEC. 304. (a) Subject to the provisions of this title—

(1) The eligible candidates of a major party in a presidential election shall be entitled to payments under section 306 equal in the aggregate to 20 cents multiplied by the total number of popular votes recieved by all candidates for the office of President in the preceding presidential election.

(2) The eligible candidates of a minor party in a presidential election shall be entitled to payments under section 306 (if such payments are higher than the payments authorized under paragraph (3)) equal in the aggregate to 40 cents multiplied by the number of popular votes received by the candidate for President of such party, as such candidate, in the preceding presidential election.

(3) The eligible candidates of a political party (other than a major party) in a presidential election whose candidate for President in such election receives, as such candidate, 5 percent or more of the total number of popular votes cast for the office of President in such election shall be entitled to payments under section 306 equal in the aggregate to 40 cents multiplied by the number of popular votes received by such candidate, as such candidate, in such election. The eligible candidates of a minor party shall not be entitled to payments under this paragraph if such eligible candidates are entitled to payments under paragraph (2) which are higher than the payments to which such eligible candidates would (but for this sentence) be entitled under this paragraph.

(b) The aggregate payments to which the eligible candidates of a political party shall be entitled under subsections (a)(2) and (3) with respect to a presidential election shall not exceed an amount equal to the lower of—

(1) the amount of qualified campaign expenses incurred by such eligible candidates and their authorized committees, reduced by the amount of contributions to defray qualified campaign expenses received and expended or retained by such eligible candidates and such committees, or

(2) the aggregate payments to which the eligible candidates of a major party are entitled under subsection (a)(1), reduced by the amount of contributions described in paragraph (1) of this subsection.

(c) The eligible candidates of a political party shall be entitled to payments under subsection (a) only—

(1) to defray qualified campaign expenses incurred by such eligible candidates or their authorized committees, or

(2) to repay loans the proceeds of which were used to defray such qualified campaign expenses, or otherwise to restore funds (other than contributions to defray qualified campaign expenses received and expended by such candidates or such committees) used to defray such qualified campaign expenses.

CERTIFICATION BY COMPTROLLER GENERAL

SEC. 305. (a) On the basis of the evidence, books, records, and information furnished by the eligible candidates of a political party and prior to examination and audit under section 307, the Comptroller General shall certify from time to time to the Secretary for payment to such candidates under section 306 the payments to which such candidates are entitled under section 304.

(b) Certifications by the Comptroller General under subsection (a), and all determinations made by him in making such certifications, shall, except as provided in section 307, be final and conclusive, and shall not be subject to review in any court.

PAYMENTS TO ELIGIBLE CANDIDATES

SEC. 306. (a)(1) There is hereby established on the books of the Treasury of the United States a special fund to be known as the "Presidential Election Campaign Fund". There are hereby appropriated to the Fund, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to enable the Secretary to make payments under subsection (b).

(2) The Secretary shall, from time to time, transfer to the Fund the sums appropriated under paragraph (1). If, after a presidential election and after all eligible candidates have been paid the amounts to which they are entitled under section 304, there are moneys remaining in the Fund, the Secretary shall transfer the moneys so remaining to the general fund of the Treasury.

(b) Upon receipt of a certification from the Comptroller General under section 305 for payment to the eligible candidates of a political party, the Secretary shall pay to such candidates out of the Fund the amount certified by the Comptroller General.

EXAMINATIONS AND AUDITS; REPAYMENTS

SEC. 307. (a) After each presidential election, the Comptroller General shall conduct a thorough examination and audit of the qualified campaign expenses of the eligible candidates of each political party.

(b)(1) If the Comptroller General determines that any portion of the payments made to the eligible candidates of a political party under section 306 was in excess of the aggregate payments to which candidates were entitled under section 304, he shall so notify such candidates, and such candidates shall pay to the Secretary an amount equal to such portion.

(2) If the Comptroller General determines that the eligible candidates of a political party and their authorized committees incurred qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party were entitled under section 304, he shall notify such candidates of the amount of such excess and such candidates shall pay to the Secretary an amount equal to such amount.

(3) If the Comptroller General determines that the eligible candidates of a major party or any authorized committee of such candidates accepted contributions to defray qualified campaign expenses (other than qualified

campaign expenses with respect to which payment is required under paragraph (2)), he shall notify such candidates of the amount of the contributions so accepted, and such candidates shall pay to the Secretary an amount equal to such amount.

(4) If the Comptroller General determines that any amount of any payment made to the eligible candidates of a political party under section 306 was used for any purpose other than—

(A) to defray the qualified campaign expenses with respect to which such payment was made, or

(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray such qualified campaign expenses,

he shall notify such candidates of the amount so used, and such candidates shall pay to the Secretary an amount equal to such amount.

(5) No payment shall be required from the eligible candidates of a political party under this subsection to the extent that such payment, when added to other payments required from such candidates under this subsection, exceeds the amount of payments received by such candidates under section 306.

(c) No notification shall be made by the Comptroller General under subsection (b) with respect to a presidential election more than 3 years after the day of such election.

(d) All payments received by the Secretary under subsection (b) shall be deposited by him in the Treasury to the credit of the Fund.

INFORMATION ON PROPOSED EXPENSES

SEC. 308. (a) The eligible candidates of a political party in a presidential election shall, from time to time as the Comptroller General may require, furnish to the Comptroller General a detailed statement, in such form as the Comptroller General may prescribe, of—

(1) the qualified campaign expenses incurred by them and their authorized committees prior to the date of such statement (whether or not evidence of such expenses has been furnished for purposes of section 305), and

(2) the qualified campaign expenses which they and their authorized committees propose to incur on or after the date of such statement.

The Comptroller General shall require a statement under this subsection from the eligible candidates of each political party at least once each week during the second, third, and fourth weeks preceding the day of the presidential election and at least twice during the week preceding such day.

(b) The Comptroller General shall, as soon as possible after he receives each statement under subsection (a), (1) prepare a summary of such statement and (2) publish such summary, together with any other data or information which he deems advisable, in the Federal Register.

REPORTS TO CONGRESS; REGULATIONS

SEC. 309. (a) The Comptroller General shall, as soon as practicable after each presidential election, submit a full report to the Senate and the House of Representatives setting forth—

(1) the amounts certified by him under section 305 for payment to the eligible candidates of each political party;

(2) the qualified campaign expenses (shown in such detail as the Comptroller General determines necessary) incurred by such candidates and their authorized committees; and

(3) the amount of payments, if any, required from such candidates under section 307, and the reasons for each payment required. Each report submitted pursuant to this section shall be printed as a Senate document.

(b) The Comptroller General is authorized to prescribe such rules rules and regulations, to conduct such examinations and audits (in addition to the examinations and audits required by section 307(a)), to conduct such investigations, and to require the keeping and submission of such books, records, and information, as he deems necessary to carry out the functions and duties imposed on him by this title.

CRIMINAL PENALTIES

SEC. 310. (a)(1) It shall be unlawful for the eligible candidates of a political party in a presidential election and their authorized committees knowingly and willfully to incur qualified campaign expenses in excess of the aggregate payments to which the eligible candidates of a major party are entitled under section 304 with respect to such election.

(2) Any person who violates paragraph (1) shall be fined not more than $5,000, or imprisoned not more than one year, or both. In the case of a violation by an authorized committee, any officer or member of such committee who knowingly and willfully consents to such violation shall be fined not more than $5,000, or imprisoned not more than one year, or both.

(b)(1) It shall be unlawful for the eligible candidates of a major party in a presidential election or any of their authorized committees knowingly and willfully to accept any contribution to defray qualified campaign expenses (or expenses which would be qualified campaign expenses but for subparagraph (C) of section 302(10)) incurred with respect to such election by such eligible candidates and their authorized committees.

(2) It shall be unlawful for the eligible candidates of a political party (other than a major party) in a presidential election and their authorized committees knowingly and willfully to accept and expend or retain contributions to defray qualified campaign expenses in an amount which exceeds the qualified campaign expenses incurred with respect to such election by such eligible candidates and their authorized committees.

(3) Any person who violates paragraph (1) or (2) shall be fined not more than $5,000, or imprisoned not more than one year, or both. In the case of a violation by an authorized committee, any officer or member of such committee who knowingly and willfully consents to such violation shall be fined not more than $5,000, or imprisoned not more than one year, or both.

(c)(1) It shall be unlawful for any person who receives any payment under section 306, or to whom any portion of any payment received under such section is transferred, knowingly and willfully to use, or authorize the use of, such payment or such portion for any purpose other than—

(A) to defray the qualified campaign expenses with respect to which such payment was made, or

(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified cam-

paign expenses which were received and expended) which were used, to defray such qualified campaign expenses.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(d)(1) It shall be unlawful for any person knowingly and willfully—

(A) to furnish any false, fictititious, or fradulent evidence, books, or information to the Comptroller General under this title, or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Comptroller General or an examination and audit by the Comptroller General under this title; or

(B) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of this title.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(e)(1) It shall be unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any qualified campaign expense.

(2) Any person who violates paragraph (1) shall be fined not more than $10,000, or imprisoned not more than five years, or both.

(3) In addition to the penalty provided by paragraph (2), any person who accepts any kickback or illegal payment in connection with any qualified campaign expense shall pay to the Secretary, for deposit in the general fund of the Treasury, an amount equal to 125 per centum of the kickback or payment received.

(f)(1) It shall be unlawful for any political committee which is not an authorized committee with respect to the eligible candidates of a political party in a presidential election knowingly and willfully to incur expenditures to further the election of such eligible candidates which would constitute qualified campaign expenses if incurred by an authorized committee of such eligible candidates, or to make contributions to such eligible candidates or any of their authorized committees to be used, directly or indirectly, to defray qualified campaign expenses, in an aggregate amount exceeding $1,000.

(2) Any political committee which violates paragraph (1) shall be fined not more than $5,000, and any officer or member of such committee who knowingly and willfully consents to such violation shall be fined not more than $5,000 or imprisoned not more than one year, or both.

EFFECTIVE DATE

SEC. 311. This title shall take effect on January 1, 1968, except that section 309(b), and so much of any other section as authorizes or directs the Comptroller General to prescribe rules and regulations, shall take effect on the date of the enactment of this section.

TITLE 18, UNITED STATES CODE

Chapter 29.—ELECTIONS AND POLITICAL ACTIVITIES

§ 591. Definitions.

When used in sections 597, 599, 602, *608*, [609,] and 610 of this title—

[The term "election" includes a general or special election, but does not include a primary election or convention of a political party;]

(a) The term "election" means (1) a general, special, or primary election, (2) a convention or caucus of a political party held to nominate a candidate, (3) a primary election held for the selection of delegates to a national nominating convention of a political party, or (4) a primary election held for the expression of a preference for the nomination of persons for election to the office of President;

[The term "candidate" means an individual whose name is presented 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;]

(b) The term "candidate" means an individual who seeks nomination for election, or election, to Federal office, whether or not such individual is elected. For purposes of this paragraph, an individual shall be deemed to seek nomination for election, or election, if he (1) has taken the action necessary under the law of a State to qualify himself for nomination for election, or election, to Federal office, or (2) has received contributions or made expenditures, or has given his consent for any other person to receive contributions or make expenditures, with a view to bringing about his nomination for election, or election, to such office;

(c) The term "Federal office" means the office of President or Vice President of the United States, or of Senator or Representative in, or Resident Commissioner to, the Congress of the United States;

[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 "political committee" means any individual, committee, association, or organization which accepts contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000;

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

(e) The term "contribution" means a gift, subscription, loan, advance, or deposit of money or anything of value, made for the purpose of influencing the nomination for election, or election, of any person to Federal office, or for the purpose of influencing the result of a primary held for

the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President, and includes a contract, promise, or agreement, express or implied, whether or not legally enforceable, to make a contribution, and also includes a transfer of funds between political committees;

[The term "expenditure" includes a payment, distribution, loan, advance, deposit, or gift, of money, or anything of value, and includes a contract, promise, or agreement to make an expenditure, whether or not legally enforceable;]

(f) The term "expenditure" includes a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made for the purpose of influencing the nomination for election, or election, of any person to Federal office, or for the purpose of influencing the result of a primary held for the selection of delegates to a national nominating convention of a political party or for the expressing of a preference for the nomination of persons for election to the office of President, and includes contract, promise, or agreement, express or implied, whether or not legally enforceable, to make an expenditure, and also includes a transfer of funds between political committees;

[The term "person" or the term "whoever" includes an individual, partnership, committee, association, corporation, and any other organization or group of persons;]

(g) The term "person" or the term "whoever" means an individual, partnership, committee, association, corporation, or any other organization or group of persons.

[The term "State" includes Territory and possession of the United States.]

* * * * * * *

§ 600. Promise of employment or other benefit for political activity.

[Whoever, directly or indirectly, promises any employment, position, work, compensation, or other benefit, provided for or made possible in whole or in part by any Act of Congress, to any person as consideration, favor, or reward for any political activity or for the support of or opposition to any candidate or any political party in any election, shall be fined not more than $1,000 or imprisoned not more than one year, or both.]

Whoever, directly or indirectly, promises any employment, position, compensation, contract, appointment, or other benefit, provided for or made possible in whole or in part by any Act of Congress, or any special consideration in obtaining any such benefit, to any person as consideration, favor, or reward for any political activity or for the support of or opposition to any candidate or any political party in connection with any general or special 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, shall be fined not more than $1,000 or imprisoned not more than one year, or both.

* * * * * * *

§ 602. Solicitation of political contributions.

(a) Whoever, being a Senator or Representative in, or Delegate or Resident Commissioner to, or a candidate for Congress, or individual elected as, Senator, Representative, Delegate, or Resident Commissioner, or an officer or employee of the United States or any depart-

ment or agency thereof, or a person receiving any salary or compensation for services from money derived from the Treasury of the United States, directly or indirectly solicits, receives, or is 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, shall be fined not more than $5,000 or imprisoned not more than three years or both.

(b) Whoever, acting on behalf of any political committee (including any State or local committee of a political party), directly or indirectly, intentionally or willfully solicits, or is in any manner concerned in soliciting, any assessment, subscription, or contribution for the use of such political committee or for any political purpose whatever from any officer or employee of the United States (other than an elected officer) shall be fined not more than $5,000 or imprisoned not more than three years, or both.

* * * * * * *

§ 608. Limitations on political contributions and purchases.

[(a) Whoever, directly or indirectly, makes 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, shall be fined not more than $5,000 or imprisoned not more than five years, or both.

[This subsection shall not apply to contributions made to or by a State or local committee or other State or local organization or to similar committees or organizations in the District of Columbia or in any Territory or Possession of the United States.

[(b) Whoever purchases or buys any goods, commodities, advertising, or articles of any kind or description, the proceeds of which, or any portion thereof, directly or indirectly inures 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, shall be fined not more than $5,000 or imprisoned not more than five years, or both.

[This subsection shall not intefere with the usual and known business, trade, or profession of any candidate.

[(c) 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 punished as herein provided.

[(d) The term "contribution", as used in this section, shall have the same meaning prescribed by section 591 of this title.]

(a) It shall be unlawful for any person, directly or indirectly, to make a[contribution or contributions in an aggregate amount in excess of $5,000 during any calendar year in connection with any campaign for nomination for election, or election, to any political committee or candidate, to two or

more political committees substantially supporting the same candidate, or to a candidate and one or more political committees substantially supporting the candidate: Provided, however, That nothing contained in this subsection shall prohibit the transfer of contributions received by a political committee.

(b)(1) It shall be unlawful for any political committee or candidate to sell goods, commodities, advertising, or other articles, or any services (except as provided in section 324 (b)(2) of the Campaign Funds Disclosure Act of 1967) to anyone other than a political committee or candidate.

(2) It shall be unlawful for any person, other than a political committee or candidate, to purchase goods, commodities, advertising, or other articles, or any services (except as provided in section 324(b)(2) of the Campaign Funds Disclosure Act of 1967) from a political committee or candidate.

(c) Whoever violates subsection (a) or (b) of this section shall be fined not more than $5,000 or imprisoned not more than five years, or both.

(d) Subsection (b) of this section shall not apply to a sale or purchase (1) of any political campaign pin, button, badge, flag, emblem, hat, banner, or similar campaign souvenir or any political campaign literature or publications (but shall apply to sales of advertising including the sale of space in any publication), for prices not exceeding $25 each, (2) of tickets to political events or gatherings, (3) of food or drink for a charge not substantially in excess of the normal charge therefor, or (4) made in the course of the usual and known business, trade, or profession of any person or in a normal arm's-length transaction: Provided, however, That a sale or purchase described in paragraph (1), (2), or (3) shall be deemed a contribution under subsection (a) of this section.

(e) For the purposes of this section, a contribution made by the spouse or a minor child of a person shall be deemed a contribution made by such person.

(f) 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 punished as herein provided.

[§ 609. Maximum contributions and expenditures.

[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 by the chairman and the treasurer of such committee and by any other person responsible for such violation and shall be punishable by a fine of not more than $1,000 or imprisonment of not more than one year, or both; and, if the violation was willful, by a fine of not more than $10,000 or imprisonment of not more than two years, or both.]

* * * * * * *

[§ 611. Contributions by firms or individuals contracting with the United States.

[Whoever, entering into any contract with the United States or any department or agency thereof, either for the rendition of personal

services or furnishing any material, supplies, or equipment to the United States or any department or agency thereof, or selling any land or building to the United States or any department or agency thereof, if payment for the performance of such contract or payment for such material, supplies, equipment, land, or building is to be made in whole or in part from funds appropriated by the Congress, during the period of negotiation for, or performance under such contract or furnishing of material, supplies, equipment, land, or buildings, directly or indirectly makes any contribution of money or any other thing of value, or promises expressly or impliedly to make any such contribution, to any political party, committee, or candidate for public office or to any person for any political purpose or use; or

[Whoever knowingly solicits any such contribution from any such person or firms, for any such purpose during any such period—

[Shall be fined not more than $5,000 or imprisoned not more than five years, or both.]

§ *611. Contributions by Government contractors.*

Whoever, including a corporation, entering into any contract with the United States or any department or agency thereof either for the rendition of personal services or furnishing any material, supplies, or equipment to the United States or any department or agency thereof or for selling any land or building to the United States or any department or agency thereof, if payment for the performance of such contract or payment for such material, supplies, equipment, land, or building is to be made in whole or in part from funds appropriated by the Congress, at any time between the commencement of negotiations for and the later of (a) the completion of performance under, or (b) the termination of negotiations for, such contract or furnishing of material, supplies, equipment, land or buildings, directly or indirectly makes any contribution of money or other thing of value, or promises expressly or impliedly to make any such contribution, to any political party, committee, or candidate for public office or to any person for any political purpose or use; or

Whoever knowingly solicits any such contribution from any such person for any such purpose during any such period—

Shall be fined not more than $5,000 or imprisoned not more than five years, or both.

* * * * * * *

§ *614. Soliciting votes near polling places.*

"(a)(1) Except as provided in subsection (b), it is unlawful for any person, during the hours during which any polling place used in any Federal election is open for voting in such election, to solicit, or cause to be solicited, within five hundred feet of such polling place, any person to vote for or against any candidate in such election, in any manner or by any means whatsoever, including, but not limited to—

(A) handing out campaign cards, pictures, or other campaign literature of any kind or description whatsoever; and

(B) placing or displaying political signs, pictures, or other form of political advertising.

(2) Any person who violates paragraph (1) shall be fined not more than $500, or imprisoned not more than six months, or both; and if the violation was willful, shall be fined not more than $1,000, or imprisoned not more than one year, or both.

(b) Subsection (a)(1) shall not apply to the placing or displaying—

(1) of political signs, pictures, or other political advertising on private property (other than property being used as a polling place) by the owner, lessee, or lawful occupant thereof, or by any other person with the consent of such owner, lessee, or occupant; or

"(2) of campaign cards or other campaign material on a table or shelf near a polling place at a location designated under a State law which provides for placing and displaying of campaign cards or other campaign material under conditions in which voters may select such material free from influence, solicitation, or suggestion of any kind.

"(c) For purposes of this section, the term 'Federal election' means any general, special, or primary election held solely or in part for the purpose of electing or selecting any candidate for the office of President, Vice President, presidential elector, Member of the Senate, or Member of, or Resident Commissioner to, the House of Representatives.

"§ 615. Paying for transportation of voters.

"(a)(1) Except as provided in subsection (b), it is unlawful for any person to pay any other person for the transportation of any individual to enable such individual to vote in any Federal election.

"(2) Any person who violates paragraph (1) shall be fined not more than $500 or imprisoned not more than six months, or both; and if the violation was willful, shall be fined not more than $1,000, or imprisoned not more than one year, or both.

"(b) Subsection (a)(1) shall not apply to—

"(1) the payment by any person for his own transportation, or

(2) the payment by any person for the transportation of another person who is accompanying him if such transportation is to enable both such persons to vote in the Federal election.

(c) For purposes of this section, the term "Federal election" means any general, special, or primary election held solely or in part for the purpose of electing or selecting any candidate for the office of President, Vice President, presidential elector, Member of the Senate, or Member of, or Resident Commissioner to, the House of Representatives.

FEDERAL CORRUPT PRACTICES ACT, 1925 [1]

[TITLE III.—FEDERAL CORRUPT PRACTICES ACT, 1925

[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, 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

[1] The Federal Corrupt Practices Act was enacted as title III, sections 301-318, of "An Act reclassifying the salaries of postmaster and employees of the postal service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes," approved February 28, 1925 (Public Law 506, 65th Cong.).

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 anything 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 statements 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 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.

[(b) The statements required to be filed by subdivision (a) shall be cumulative during the calendar year to which they relate, but where there has been no change in an item reported in a previous statement only the amount need be carried forward.

[(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 reserved 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 election 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 bill boards 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. 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 sections 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 the application thereof to any person or circumstance is held invalid, the validity of the remainder of the Act and of the application of such provisions 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.]

MINORITY VIEWS

The administration's proposal to finance the next election campaign from the Federal Treasury not only is utterly indefensible on its face but in times of soaring budget deficits and demands for higher taxes represents nothing less than a gratuitous slap in the face of every tax-weary American taxpayer. At a time when we have record spending, an indicated alltime peacetime deficit, rampant inflation, and a request for a 10 percent surcharge on income taxes it seems inconceivable that there should be a request for Federal subsidizing of candidates for President and the Senate with an invitation for Members of the House of Representatives to participate.

There are many reasons for opposing the public financing of political campaigns. One of the more fundamental reasons, which would apply even if the Federal Government were running a surplus right now, is that the whole election process should be voluntary, not compulsory. The public financing provisions of this bill are a means of taking money out of the pockets of every taxpayer not only for the use of candidates of their choice but also for the use of candidates whom they oppose. This enforced collection of taxes from taxpayers by the Internal Revenue Service and turning them over to candidates to spend reflects a callous disregard for the preservation of a voluntary system of elections, so essential to the continuation of our system of government. We feel that the very essence of the American political process guarantees each voter the opportunity to work for, contribute to, and vote for the candidate of his choice. The public financing provisions of this bill are a break with that concept. They force everyone to support financially the candidates they oppose, while the candidate of their choice might receive no such funds. That such a paradox should be created is unthinkable. We are appalled that such an evil should even be considered.

This bill is particularly unfair to third party candidates. We feel that a strong two-party system is essential to maintenance of stable Government in the United States, yet we recognize that voters should have an opportunity to support third party movements if they so desire. Public financing as contained in this bill, however, would deprive new third party movements of the opportunity to compete fairly with the two major parties; in fact, it would compound the disadvantages they now have.

Discrimination against third parties exists under the pending proposal for several reasons. First, the bill does not make public financing available for new parties until after the election. Thus, a third party expecting to make use of public financing would have to borrow funds. Second, since a new party would not know how many votes it would obtain in the election it would not know how much public financing money it might receive, if in fact it received any at all, and would not be able to make any meaningful estimate as to how much it would have to borrow. Third, new parties historically take

more than one election before they obtain an appreciable number of votes. In the first election they may not obtain 5 percent of the vote, and under the bill they would get no public financing. It is patently unfair to take tax money from a supporter of a third party movement and assign it to the two major parties. In this case you are forcing a man to give money to two parties he opposes and denying money to the party he supports.

Another important reason for our opposition to this proposal is that it envisions still another Federal spending program at a time when both the executive and the legislative branches are supposed to be trying to find ways to reduce Federal spending. It hardly makes sense for a Government which is already going into debt by about $2 billion a month to embark on still another wholly unnecessary subsidy program, one that might, in fact, wreck our election process.

The administration now has before the Congress a request for a 10-percent surtax on personal and corporate income taxes because it claims that in the absence of higher taxes the Federal deficit may run as high as $29 billion in the present fiscal year. Surely this is no time to increase Federal spending, however small a percentage of the Federal budget the sum proposed in this bill may represent. If it is necessary to curtail existing programs in the interest of economy certainly it is no time to add to the Federal burden a new and wholly unnecessary campaign subsidy program such as the pending bill envisions.

The bill would provide $28 million for the two presidential candidates and $26 million more the senatorial candidates in the 1968 election. Undoubtedly there will be a very substantial amount added for the Members of the House of Representatives. There is, of course, no way of knowing how much a new formula might add for candidates for the House, but if the formula for the House Members should approximate that of the Senate Members, based upon the votes cast for Senators, we think it is safe to say that this might add $73 million more for a total of some $127 million of public financing. Assuming that $200 million more will be provided by voluntary individual contributions the result would be an incredible $327 million campaign fund for candidates for Federal office in the 1968 presidential election. There is no justification whatsoever for such an amount.

When we are faced with the prospect of a budgetary deficit which may be as high as $29 billion and when the administration has requested a 10-percent increase in everyone's taxes it appears particucularly inappropriate to suggest taking $125 million out of the Public Treasury to provide unneeded additional funds for political campaigns. Moreover, the very addition of these funds to those already available is in fact likely to drive up the cost of campaigning, particularly in the case of the cost of television time.

One of the arguments of the proponents of this legislation is that they want cleaner elections and a higher standard for public officials, but public financing will assure neither of these. They also contend that if campaign expenses are paid by the Federal Government candidates will not be beholden to any special interest group which helped to finance their campaigns. Yet the bill they support fails completely to achieve this end. Despite efforts to prevent it, the bill does, in fact, provide for the commingling of private and public funds. It contains no provision, for example, for the public financing of primary elections,

and it is often at this stage that elections, other than that of President, are really decided. Presidential and senatorial candidates under this bill can not only make full use of privately solicited funds for primary contests but can continue to spend unlimited amounts of private funds for their general campaigns, so long as they stop such spending funds derived from private contributors 60 days before election day. They then become eligible for full Federal financing up to the limits imposed by the bill. Federal financing then becomes, in effect, a substantial windfall, with the taxpayer footing the bills, for those who would use it.

Proponents of this legislation claim there would be no commingling of public and private funds because during the 60 days before an election and 30 days after the election only public funds can be used by a candidate electing to go this route. How inconsistent, to permit candidates to solicit and use private funds and then in addition give them a 90-day romp on taxpayers' funds. However, we all know that campaigns do not begin just 60 days before the election. In many cases the primaries or conventions for senatorial candidates occur in the spring of the year. In other cases who the candidate will be is a foregone conclusion, no matter when the primary or convention takes place.

In any event, there is nothing in the bill which stops a candidate from running his primary with private funds. We all know that a primary may, in fact, be a primary in name only. *It* may, in reality, be a way of becoming known and getting views across to the public in order to run in the general election, or to be nominated in a primary, other than for the Presidency, may in fact be tantamount to election, so that it is often in the primary election where private financing plays its most important role. Yet this proposed public financing with taxpayers' funds ignores this most important problem. Moreover, even after the primary or nominating convention a candidate can use private funds for the period up to 60 days before the election. This means that from the primary in April or May, whenever it may be, up until early September a senatorial candidate can run his general election campaign with private funds and receive the benefit of the tax credit provisions of the bill for this part of his campaign. Then, if he elects to use public funds he can set aside any remaining private funds and use the taxpayers' tax money for the next 90 days. After that time he is free to go back to publicizing his availability for office in the next election by the use of private contributions again. In other words, in the election year a senatorial candidate can finance his campaign for 9 months of the year with private funds and 3 months of the year with public funds. Then in the other 5 years during his term if he is planning to run for reelection he can use private funds to campaign throughout his State.

Not only then is the argument that this proposal will force campaigns to be financed either entirely with private funds or entirely with Federal funds wholly transparent, but it would actually aggravate the situation that it is ostensibly designed to eliminate. The bill, in short, would not put campaign financing on an "either/or" basis; rather it would put it on a "both/and" basis—both private and Federal funds could and no doubt would be used.

One problem with public financing of the campaigns for presidential and senatorial candidates, and presumably for House Members, has

been overlooked. We are not among those who think that the Federal Government should be given a superior status to State and local governments. Yet this would be the effect of the public financing provisions of this bill since large amounts of public funds would be spent for Federal elections but not a bit for State and local elections. The result could be almost a blanketing out of campaigning by State and local candidates, which would further the trend toward Federal Government domination. An alternative would be the extension of this concept to include the financing of other local elections from the treasuries of States, counties, or municipalities. The possibilities for expansion are endless once this concept of financing political campaigns from the Public Treasury has been established. It is worth noting, however, that the tax credit provided by title I, to which we do not object, does not suffer from these evils since it is available equally to State and local candidates.

We are aware of the public concern with the opportunity for undue influence by large contributors under the present system of political campaign financing. We also are well aware of the difficulties in financing presidential and senatorial campaigns. However, we believe that this bill adequately deals with these points without the superfluous and expensive public financing title. The 50-percent tax credit with a ceiling of $25 per year for contributions should encourage wide, voluntary participation in political campaign financing. The fact that the credit is limited to one-half of a $50 contribution gives assurance that the contributions encouraged by this tax incentive will be spread broadly across the electorate. Moreover, the public disclosure rules we approved in the election reform act passed by the Senate on September 12, and also included as title III of this bill, should go a long way toward removing the influence of large contributors upon candidates.

The tax credit is far preferable to public financing since it insures actual and meaningful participation on the part of the people, requiring a person to take his own money out of his pocket for each contribution he makes. Vastly more important, it permits the taxpayer to choose the candidate he will support, which public financing does not.

Because we favor a voluntary and not a compulsory election financing system, because we do not believe that this is the time to add unnecessary Government expenditures, and because we do not believe in the commingling of public and private election campaign funds we oppose the public financing title of this bill. The problems of undue influence of large contributors and the high cost of campaigning are dealt with in titles I and III of this bill; title II only adds unnecessary costs for the taxpayer.

JOHN J. WILLIAMS.
FRANK CARLSON.
WALLACE F. BENNETT.
CARL T. CURTIS.
THRUSTON B. MORTON.
EVERETT MCKINLEY DIRKSEN.

INDIVIDUAL VIEWS

I cannot support the measure which has been reported to the Senate. I object to Federal election campaign financing with tax funds.

The committee proposes that the U.S. Treasury be dipped into each election year at a potential cost of $100 million or more to pay for the cost of politicians getting elected or defeated. Although this bill applies only to presidential candidates and Members of the Senate, for a total of approximately $54 million, it is expected that the House of Representatives would write its own ticket, thereby running this scheme into a $100 million plus program, which in effect would have the taxpayer paying the politician to run for office and then paying him again when he takes office.

Such a proposition would be hard to swallow at any time. But at this particular time, the idea of government subsidies to politicians is preposterous.

The United States presently is engaged in a $2 billion a month war in Vietnam. Because of this war and the consistent failure of the Congress and the administration to curtail or postpone nonessential spending, it is anticipated that the Federal budget will show a deficit of between $25 and $30 billion this fiscal year.

In an effort to reduce the deficit, the President has called for a 10-percent income surtax to raise an additional $8 billion in revenue, thereby placing an even greater burden upon the taxpaying citizens of America.

At a time when we cannot balance the budget, when the war in Vietnam is straining the American economy almost beyond endurance, when we are asking the American people to pay even more taxes, I submit that it is the height of absurdity to propose that the taxpayers finance political campaigns. This proposal in effect would turn the keys of the Treasury over to politicians, both successful and unsuccessful. Moreover, it would be a strange candidate indeed who would go before the electorate and say: "Look here, I am the one who put this tax burden on you. I am the one who asked you not only to pay for my campaign but to pay my salary when I am elected."

And it would be an even stranger electorate which did not turn this candidate out to pasture.

In the context of today's economy, I submit that it would take a most daring and adventurous Member of Congress to approve a plan to subsidize political candidates with tax funds.

It is generally conceded that nondefense spending must be held at an absolute minimum so long as the war in Vietnam continues. Many of us do not believe that we can afford guns and butter at this time. How then can any Member of Congress in good conscience seriously consider raiding the Public Treasury to help him run a campaign and thereby perpetuate himself in office?

The committee purports to subscribe to the policy that there should be no mixing of private and public campaign funds, that a candidate choosing a Government subsidy cannot also receive private contributions, and a candidate paying for his campaign with private

funds cannot also accept payments from the Government. For example, the Democratic and Republican candidates for President in 1968, if they chose to accept Federal funds, would get about $14 million each in Government handouts. We are then to believe that that $14 million would be all the presidential nominees would spend in the 1968 campaign.

The fact is, a candidate does not have to choose either public or private financing, to the exclusion of the other. He would in no way be limited merely to a tax subsidy, however sizable it might be.

The Government subsidy would apply only to general elections. Thus, campaign costs for party nomination would be borne by funds from private sources. Moreover, the Government subsidy only covers expenses incurred between 60 days before and 30 days after election day. Therefore, a candidate or his supporters may solicit private contributions just as he has done heretofore, so long as he spends these funds prior to 60 days before election, or anytime 30 days after the election.

In short, the period during which private contributions cannot be accepted or spent are but a small part of the entire campaign. In actual practice, this bill's provisions restricting the solicitation or expenditure of private funds would be applicable for only 90 days of the President's and Vice President's 4-year term and for only 90 days of a Senator's 6-year term. Of course, as we all know, Presidents, Senators, and Members of the House who want to be reelected are concerned with campaigning for a much longer period than 90 days during their terms of office.

Even during the 90-day period, a candidate could supplement his Federal subsidy with private money if he had depleted his Government allowance. He might believe it was more important to violate the law and get elected, than to abide by the law and lose. The penalty is not all that severe. The offender must only repay an amount equal to the amount of private contributions used in violation of the law, which in all probability could easily be obtained, especially if he were elected.

Convictions would probably not even be sought against a successful candidate. Can you imagine an Attorney General trying to convict and jail the President of the United States for violation of the "Honest Election Act"?

I have only scratched the surface in pointing out the methods that could be employed in circumventing the announced intention of this bill to prevent the commingling of public and private funds in election campaigns. I expect to have more to say when this bill reaches the floor of the Senate.

I desire to emphasize at this time the impropriety of proposing to saddle another burden on the taxpayers of this country. I submit that it is unthinkable to tell the American people that not only must they provide funds for a $70 billion plus defense budget, and for a vast array of domestic programs, some of which are of dubious value, but that they must also dig deeper into their pockets to help pay campaign expenses of politicians.

I shall not with my vote deliver the keys to the Treasury to any politician of any party.

HERMAN E. TALMADGE.

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