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AGENDA ITEM

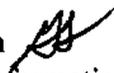
For Meeting of: 04-09-03 April 8, 2003

MEMORANDUM

SUBMITTED LATE

TO: The Commission

THROUGH: James A. Pehrkon, Staff Director 

FROM: Greg J. Scott, Assistant Staff Director, Information 
George Smaragdis, Sr. Public Affairs Specialist, Information 

SUBJECT: Amendment to Agenda Document 03-22

Pursuant to a request from Commissioner Thomas, we are submitting two additional late-submitted legislative recommendations for the Commission's consideration at the April 9, 2003 open meeting.

1 ***Multicandidate Political Committee Contribution Limitations and Non-multicandidate***
2 ***Political Committee Contribution Limitations (2003)***

3 ***Section:*** 2 U.S.C. §§441a(a)(2) and 441a(c)
4

5 ***Recommendation:*** The Commission recommends that Congress consider indexing the
6 contribution limitations applicable to multicandidate political committees for inflation
7 and adjusting the amount multicandidate political committees may contribute to national
8 party committees to harmonize these limits with the limits applicable to
9 non-multicandidate political committees. Furthermore, the Commission recommends
10 that Congress consider making multicandidate status optional for political committees.
11

12 ***Explanation:*** A political committee has multicandidate status if it has been registered
13 with the Commission for six months or more, has received contributions from more than
14 50 persons, and has contributed to five or more Federal candidates. 2 U.S.C. §441a(a)(4).
15 The statute currently provides that a committee is a multicandidate committee once it
16 satisfies the eligibility criteria. Congress should consider revising the statute to permit
17 political committees to choose non-multicandidate status, even if they meet the eligibility
18 criteria for multicandidate status.
19

20 FECA, prior to BCRA, provided higher contribution limits for political committees with
21 multicandidate status than for those without that status. BCRA raised contribution limits
22 on non-multicandidate committees that are, or will shortly become, higher than the limits
23 imposed on multicandidate committees. Thus, for the first time, the contributions limits
24 create a substantial disincentive to multicandidate status. The limitation for contributions
25 to national political party committees from multicandidate political committees is
26 \$15,000, 2 U.S.C. §441a(a)(2)(B), as it was prior to BCRA, while BCRA increased the
27 limit on contributions to the same national political party committees from political
28 committees *without* multicandidate status from \$20,000 to \$25,000, 2 U.S.C.
29 §441a(a)(1)(B). Moreover, the contribution limitations for political committees *without*
30 multicandidate status (and all other “persons” except multicandidate political
31 committees) are indexed for inflation, which over time will increase the current \$10,000
32 difference between the limits for contributions to national party committees. 2 U.S.C.
33 §441a(c). The inflation indexing will also cause the current limit of \$2,000 for
34 contributions to candidate-authorized committees from political committees *without*
35 multicandidate status to surpass shortly the \$5,000 limit for multicandidate committees.
36 Once this happens, all three contributions limitations imposed on multicandidate
37 committees will be lower the corresponding limitations for non-multicandidate
38 committees.
39

40 ***Fundraising Limitation for Publicly Financed Presidential Primary Campaigns***

41 ***Section:*** 2 U.S.C. §§431(9)(B)(vi) and 441a

42 ***Recommendation:*** The Commission recommends that the separate fundraising limitation
43 provided to publicly financed Presidential primary campaigns be combined with the

1 overall limit. Thus, instead of a candidate's having a \$10 million (plus COLA ¹) limit for
2 campaign expenditures and a \$2 million (plus COLA) limit for fundraising (20 percent of
3 overall limit), each candidate would have one \$12 million (plus COLA) limit for all
4 campaign expenditures.

5 *Explanation:* Campaigns that have sufficient funds to spend up to the overall limit
6 usually allocate some of their expenditures to the fundraising category. These campaigns
7 come close to spending the maximum permitted under both their overall limit and their
8 special fundraising limit. Hence, by combining the two limits, Congress would not
9 substantially alter spending amounts or patterns. For those campaigns which do not spend
10 up to the overall expenditure limit, the separate fundraising limit is meaningless. Many
11 smaller campaigns do not even bother to use it, except in one or two states where the
12 expenditure limit is low, e.g., Iowa and New Hampshire. Assuming that the state
13 limitations are eliminated or appropriately adjusted, this recommendation would have
14 little impact on the election process. The advantages of the recommendation, however,
15 are substantial. They include a reduction in accounting burdens and a simplification in
16 reporting requirements for campaigns, and a reduction in the Commission's auditing task.
17 For example, the Commission would no longer have to ensure compliance with the 28-
18 day rule, i.e., the rule prohibiting committees from allocating expenditures as exempt
19 fundraising expenditures within 28 days of the primary held within the state where the
20 expenditure was made.
21

¹ Spending limits are increased by the cost-of-living adjustment (COLA), which the Department of Labor calculates annually.