

112TH CONGRESS
2D SESSION

H. R. 6426

To reform the financing of Congressional elections by encouraging grassroots participation in the funding of campaigns, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 2012

Mr. SARBANES (for himself, Mr. BOSWELL, Mr. BRADY of Pennsylvania, Mr. CAPUANO, Mr. CONYERS, Mr. DEUTCH, Mr. DINGELL, Mr. DOGGETT, Ms. EDWARDS, Mr. ELLISON, Mr. ENGEL, Mr. HOLT, Mr. LEWIS of Georgia, Mr. MCGOVERN, Mr. GEORGE MILLER of California, Mr. GRIJALVA, Mr. NADLER, Ms. PINGREE of Maine, Mr. POLIS, Mr. PRICE of North Carolina, Ms. LINDA T. SÁNCHEZ of California, Ms. SCHAKOWSKY, Mr. SCOTT of Virginia, Mr. SIRES, Mr. TONKO, Mr. VAN HOLLEN, Mr. WELCH, Mr. YARMUTH, Ms. BONAMICI, Ms. DELAURO, Mr. LARSON of Connecticut, and Mr. COURTNEY) introduced the following bill; which was referred to the Committee on House Administration, and in addition to the Committees on Ways and Means and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To reform the financing of Congressional elections by encouraging grassroots participation in the funding of campaigns, and for other purposes.

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

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Grassroots Democracy Act of 2012”.

4 (b) **TABLE OF CONTENTS.**—The table of contents of
5 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—GRASSROOTS PARTICIPATION IN FUNDING OF
ELECTIONS**

Subtitle A—Grassroots Democracy Dollars

Sec. 101. Refundable credit for grassroots contributions to Federal congressional candidates.

Subtitle B—Grassroots Democracy Coupon Pilot Program

Sec. 111. Establishment of pilot program.

Sec. 112. Reports to Congress.

**TITLE II—GRASSROOTS FINANCING OF CONGRESSIONAL
ELECTION CAMPAIGNS**

Sec. 201. Benefits and eligibility requirements for candidates.

**“TITLE V—GRASSROOTS FINANCING OF CONGRESSIONAL
ELECTION CAMPAIGNS**

“Subtitle A—Benefits

“Sec. 501. Benefits for participating candidates.

“Sec. 502. Procedures for making payments.

“Sec. 503. Use of funds.

“Sec. 504. Qualified grassroots contributions described.

“Subtitle B—Eligibility and Certification

“Sec. 511. Eligibility.

“Sec. 512. Qualifying requirements.

“Sec. 513. Certification.

**“Subtitle C—Requirements for Candidates Certified as Participating
Candidates**

“Sec. 521. Contribution and expenditure requirements.

“Sec. 522. Administration of campaign.

“Sec. 523. Preventing unnecessary spending of public funds.

“Sec. 524. Remitting unspent funds after election.

“Subtitle D—Supplemental Grassroots Democracy People’s Fund Payments

“Sec. 531. Eligibility of participating candidates for payments.

“Sec. 532. Amount of payment; use of funds.

“Sec. 533. Severability.

“Subtitle E—Administrative Provisions

“Sec. 541. Grassroots Democracy Fund.

“Sec. 542. Grassroots Democracy Advisory Commission.

“Sec. 543. Administration by Commission.

“Sec. 544. Violations and penalties.

“Sec. 545. Election cycle defined.

Sec. 202. Prohibiting use of contributions by participating candidates for purposes other than campaign for election.

TITLE III—OTHER ADMINISTRATIVE REFORMS

Sec. 301. Expanding requirement to disclose bundlers who are registered lobbyists to all bundlers.

Sec. 302. Expansion of period for treatment of communications as electioneering communications.

Sec. 303. User fees for committees and bundlers.

Sec. 304. Petition for certiorari.

Sec. 305. Filing by all candidates with Commission.

Sec. 306. Electronic filing of FEC reports.

Sec. 307. Effective date.

TITLE IV—OFFSETS

Sec. 401. Reform of tax rules related to political organizations.

Sec. 402. Voluntary contributions to the Grassroots Democracy Fund.

TITLE V—EXPANDING CANDIDATE ACCESS TO ADVERTISING

Sec. 501. Broadcasts by or on behalf of candidates.

1 **TITLE I—GRASSROOTS PARTICI-**
 2 **PATION IN FUNDING OF**
 3 **ELECTIONS**

4 **Subtitle A—Grassroots Democracy**
 5 **Dollars**

6 **SEC. 101. REFUNDABLE CREDIT FOR GRASSROOTS CON-**
 7 **TRIBUTIONS TO FEDERAL CONGRESSIONAL**
 8 **CANDIDATES.**

9 (a) IN GENERAL.—Subpart C of part IV of sub-
 10 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to refundable credits) is amended by insert-
2 ing after section 36B the following new section:

3 **“SEC. 36C. CREDIT FOR GRASSROOTS CONTRIBUTIONS TO**
4 **FEDERAL CONGRESSIONAL CANDIDATES.**

5 “(a) IN GENERAL.—In the case of an individual,
6 there shall be allowed as a credit against the tax imposed
7 by this subtitle an amount equal to the qualified grass-
8 roots Federal congressional campaign contributions paid
9 or incurred by the taxpayer during the taxable year.

10 “(b) LIMITATIONS.—

11 “(1) DOLLAR LIMITATION.—The credit allowed
12 under subsection (a) to any taxpayer with respect to
13 any taxable year shall not exceed \$25 (twice such
14 amount in the case of a joint return).

15 “(2) LIMITATION ON CONTRIBUTIONS TO FED-
16 ERAL CONGRESSIONAL CANDIDATES.—No credit
17 shall be allowed under this section to any taxpayer
18 for any taxable year if such taxpayer made aggre-
19 gate contributions in excess of \$200 (twice such
20 amount in the case of a joint return) during the tax-
21 able year to—

22 “(A) any single Federal congressional can-
23 didate, or

24 “(B) any political committee established
25 and maintained by a national political party.

1 “(3) INELIGIBILITY OF INDIVIDUALS USING
2 GRASSROOTS DEMOCRACY COUPONS.—No credit
3 shall be allowed under this section with respect to
4 any individual for any taxable year during which
5 such individual submitted a Grassroots Democracy
6 Coupon under subtitle B of title I of the Grassroots
7 Democracy Act of 2012 to a candidate for election
8 for Federal office. In the case of a joint return with
9 respect to which this paragraph applies to one of the
10 spouses, such return shall not be treated as a joint
11 return for purposes of determining the dollar limita-
12 tion under paragraph (1).

13 “(c) QUALIFIED GRASSROOTS FEDERAL CONGRES-
14 SIONAL CAMPAIGN CONTRIBUTIONS.—For purposes of
15 this section, the term ‘qualified grassroots Federal con-
16 gressional campaign contribution’ means any contribution
17 of cash by an individual to a Federal congressional can-
18 didate or to a political committee established and main-
19 tained by a national political party if such contribution
20 is not prohibited under the Federal Election Campaign
21 Act of 1971.

22 “(d) FEDERAL CONGRESSIONAL CANDIDATE.—For
23 purposes of this section—

24 “(1) IN GENERAL.—The term ‘Federal congres-
25 sional candidate’ means any candidate for election to

1 the office of Senator or Representative in, or Dele-
2 gate or Resident Commissioner to, the Congress.

3 “(2) TREATMENT OF AUTHORIZED COMMIT-
4 TEES.—Any contribution made to an authorized
5 committee of a Federal congressional candidate shall
6 be treated as made to such candidate.

7 “(e) INFLATION ADJUSTMENT.—

8 “(1) IN GENERAL.—In the case of a taxable
9 year beginning after 2013, the \$25 amount under
10 subsection (b)(1) shall be increased by an amount
11 equal to—

12 “(A) such dollar amount, multiplied by

13 “(B) the cost-of-living adjustment deter-
14 mined under section 1(f)(3) for the calendar
15 year in which the taxable year begins, deter-
16 mined by substituting ‘calendar year 2012’ for
17 ‘calendar year 1992’ in subparagraph (B)
18 thereof.

19 “(2) ROUNDING.—If any amount as adjusted
20 under subparagraph (A) is not a multiple of \$5,
21 such amount shall be rounded to the nearest mul-
22 tiple of \$5.”.

23 (b) CONFORMING AMENDMENTS.—

24 (1) Section 6211(b)(4)(A) of such Code is
25 amended by inserting “36C,” after “36B,”.

1 (2) Section 1324(b)(2) of title 31, United
2 States Code, is amended by inserting “36C,” after
3 “36B,”.

4 (3) The table of sections for subpart C of part
5 IV of subchapter A of chapter 1 of the Internal Rev-
6 enue Code of 1986 is amended by inserting after the
7 item relating to section 36C the following new item:

“Sec. 36C. Credit for grassroots contributions to Federal congressional candidates.”.

8 (c) FORMS.—The Secretary of the Treasury, or his
9 designee, shall ensure that the credit for grassroots con-
10 tributions to Federal congressional candidates allowed
11 under section 36C of the Internal Revenue Code of 1986,
12 as added by this section, may be claimed on Forms
13 1040EZ and 1040A.

14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to taxable years beginning after
16 the date of the enactment of this Act.

17 **Subtitle B—Grassroots Democracy** 18 **Coupon Pilot Program**

19 **SEC. 111. ESTABLISHMENT OF PILOT PROGRAM.**

20 (a) ESTABLISHMENT.—The Grassroots Democracy
21 Advisory Commission established under section 542 of the
22 Federal Election Campaign Act of 1971 (as added by sec-
23 tion 201) (hereafter in this subtitle referred to as the

1 “Commission”) shall establish a pilot program under
2 which—

3 (1) a qualified individual who resides in a State
4 selected for participation in the program shall be
5 provided with a voucher to be known as a “Grass-
6 roots Democracy Coupon” during the election cycle
7 which will be assigned a routing number and which
8 at the option of the individual will be provided in ei-
9 ther paper or electronic form;

10 (2) using the routing number assigned to the
11 Coupon, the individual may submit the Grassroots
12 Democracy Coupon in either electronic or paper
13 form to qualified candidates for election for Federal
14 office and allocate such portion of the value of the
15 voucher in increments of \$5 (in an amount not to
16 exceed \$50 for any single candidate) as the indi-
17 vidual may select to any such candidate; and

18 (3) if the candidate transmits such Grassroots
19 Democracy Coupon to the Commission, the Commis-
20 sion shall pay the candidate the portion of the value
21 of the voucher that the individual allocated to the
22 candidate, which shall be considered a contribution
23 by the individual to the candidate for purposes of
24 the Federal Election Campaign Act of 1971.

25 (b) SELECTION OF STATES.—

1 (1) IN GENERAL.—A State that seeks to par-
2 ticipate in the pilot program under this title shall
3 submit to the Commission (at such time and in such
4 form as the Commission may require) an application
5 containing such information and assurances as the
6 Commission may require.

7 (2) CRITERIA.—In selecting among States that
8 seek to participate in the program, the Commission
9 shall ensure a balance among various geographic re-
10 gions, population sizes, and other demographic char-
11 acteristics.

12 (c) STANDARDS FOR QUALIFICATION OF INDIVID-
13 UALS.—The Commission shall establish standards for the
14 qualification of individuals to whom Grassroots Democ-
15 racy Coupons will be provided, so that only individuals
16 who are registered to vote in elections for Federal office
17 may qualify and such individuals would be able to claim
18 the Coupons immediately upon registering to vote.

19 (d) OTHER ADMINISTRATIVE SPECIFICATIONS.—In
20 carrying out the pilot program under this subtitle, the
21 Commission shall—

22 (1) create the necessary routing numbers for
23 the Grassroots Democracy Coupons, which will be
24 matched with State-issued voter registration cards;

1 (2) provide incentives for candidates for election
2 for Federal office and interested organizations to de-
3 velop online platforms through which individuals
4 may select among eligible candidates for the submis-
5 sion and acceptance of Grassroots Democracy Cou-
6 pons in electronic or paper form; and

7 (3) establish fraud prevention mechanisms so
8 that an individual may revoke a Grassroots Democ-
9 racy Coupon not later than 2 days after submitting
10 the Coupon to a candidate.

11 **SEC. 112. REPORTS TO CONGRESS.**

12 (a) REPORTS.—Not later than 6 months after each
13 election cycle during which the pilot program under this
14 subtitle is in effect, the Commission and the Government
15 Accountability Office shall each submit a report to Con-
16 gress analyzing the operation and effectiveness of the pro-
17 gram during the cycle, and shall include in each such re-
18 port such recommendations as the Commission and the
19 Government Accountability Office (as the case may be)
20 consider appropriate regarding the expansion of the pilot
21 program to all States and territories, along with such
22 other recommendations as the Commission and Govern-
23 ment Accountability Office consider appropriate.

24 (b) DEFINITION.—In subsection (a), the term “elec-
25 tion cycle” means the period beginning on the day after

1 the date of the most recent regularly scheduled general
2 election for Federal office and ending on the date of the
3 next regularly scheduled general election for Federal of-
4 fice.

5 **TITLE II—GRASSROOTS FINANC-**
6 **ING OF CONGRESSIONAL**
7 **ELECTION CAMPAIGNS**

8 **SEC. 201. BENEFITS AND ELIGIBILITY REQUIREMENTS FOR**
9 **CANDIDATES.**

10 The Federal Election Campaign Act of 1971 (2
11 U.S.C. 431 et seq.) is amended by adding at the end the
12 following:

13 **“TITLE V—GRASSROOTS FINANC-**
14 **ING OF CONGRESSIONAL**
15 **ELECTION CAMPAIGNS**

16 **“Subtitle A—Benefits**

17 **“SEC. 501. BENEFITS FOR PARTICIPATING CANDIDATES.**

18 “(a) IN GENERAL.—If a candidate for election to the
19 office of Senator or Representative in, or Delegate or Resi-
20 dent Commissioner to, the Congress is certified as a par-
21 ticipating candidate under this title with respect to an
22 election for such office, the candidate shall be entitled to
23 payments as provided under this title.

24 “(b) AMOUNT OF PAYMENT.—

1 “(1) TIER 1 CANDIDATES.—In the case of a
2 participating candidate who is a Tier 1 candidate,
3 the amount of a payment made under this title shall
4 be equal to 500 percent of the amount of qualified
5 grassroots contributions received by the candidate
6 since the most recent payment made to the can-
7 didate under this title during the election cycle
8 which are attributable to residents of the State in
9 which the candidate seeks election.

10 “(2) TIER 2 CANDIDATES.—In the case of a
11 participating candidate who is a Tier 2 candidate,
12 the amount of the payment made under this title
13 shall be equal to 1,000 percent of the amount of
14 qualified grassroots contributions received by the
15 candidate since the most recent payment made to
16 the candidate under this title during the election
17 cycle.

18 “(c) LIMIT ON AGGREGATE AMOUNT OF PAY-
19 MENTS.—

20 “(1) TIER 1 CANDIDATES.—In the case of a
21 participating candidate who is a Tier 1 candidate,
22 the aggregate amount of payments made under this
23 title may not exceed 50% of the average of the 10
24 greatest amounts of disbursements made by the au-
25 thorized committees of any winning candidate for

1 the office of Representative in, or Delegate or Resi-
2 dent Commissioner to, the Congress during the most
3 recent election cycle (in the case of a participating
4 candidate for such office) or any winning candidate
5 for the office of Senator during the most recent elec-
6 tion cycle (in the case of a participating candidate
7 for such office).

8 “(2) TIER 2 CANDIDATES.—In the case of a
9 participating candidate who is a Tier 2 candidate,
10 the aggregate amount of payments made under this
11 title may not exceed 100% of the average of the 10
12 greatest amounts of disbursements made by the au-
13 thORIZED committees of any winning candidate for
14 the office of Representative in, or Delegate or Resi-
15 dent Commissioner to, the Congress during the most
16 recent election cycle (in the case of a participating
17 candidate for such office) or any winning candidate
18 for the office of Senator during the most recent elec-
19 tion cycle (in the case of a participating candidate
20 for such office).

21 **“SEC. 502. PROCEDURES FOR MAKING PAYMENTS.**

22 “(a) IN GENERAL.—The Commission make a pay-
23 ment under section 501 to a candidate who is certified
24 as a participating candidate upon receipt from the can-
25 didate of a request for a payment which includes—

1 “(1) a statement of the number of qualified
2 grassroots contributions received by the candidate
3 since the most recent payment made to the can-
4 didate under this title during the election cycle;

5 “(2) a statement of the amount of the payment
6 the candidate anticipates receiving with respect to
7 the request; and

8 “(3) such other information and assurances as
9 the Commission may require.

10 “(b) RESTRICTIONS ON SUBMISSION OF RE-
11 QUESTS.—A candidate may not submit a request under
12 subsection (a) unless each of the following applies:

13 “(1) The number of individuals in the state-
14 ment referred to in subsection (a)(1) is equal to or
15 greater than 100, unless the request is submitted
16 during the 30-day period which ends on the date of
17 a general election.

18 “(2) Of the number of individuals in the state-
19 ment referred to in subsection (a)(1), at least 50
20 percent are residents of the Congressional district
21 involved (in the case of a candidate for election for
22 the office of Representative in, or Delegate or Resi-
23 dent Commissioner to, the Congress) or the State in-
24 volved (in the case of a candidate for election for the
25 office of Senator).

1 “(3) The candidate did not receive a payment
2 under this title during the 7-day period which ends
3 on the date the candidate submits the request.

4 “(c) TIME OF PAYMENT.—The Commission shall
5 make payments under this section not later than 2 busi-
6 ness days after the receipt of a request submitted under
7 subsection (a).

8 “(d) DECLARATION OF TIER 1 OR TIER 2 STATUS.—
9 A candidate shall include in the first request for payment
10 submitted under subsection (a) a statement specifying
11 whether the candidate is a Tier 1 candidate or a Tier 2
12 candidate under this title.

13 “(e) APPEALS.—The Commission shall provide a
14 written explanation with respect to any denial of a request
15 for payment which is submitted under this section and
16 shall provide for the opportunity for review and reconsid-
17 eration within 5 business days of such denial.

18 **“SEC. 503. USE OF FUNDS.**

19 “(a) IN GENERAL.—A candidate shall use payments
20 made under this title only for making direct payments for
21 the receipt of goods and services which constitute author-
22 ized expenditures in connection with the election cycle in-
23 volved.

24 “(b) LIMIT ON AMOUNT OF PAYMENT MADE ON
25 COMMISSION BASIS TO INDIVIDUALS COLLECTING QUALI-

1 FIED GRASSROOTS CONTRIBUTIONS.—If a candidate who
2 is certified as a participating candidate under this title
3 pays any person a commission on a per contribution basis
4 for collecting qualified grassroots contributions, the
5 amount paid by the candidate and the authorized commit-
6 tees of the candidate may not exceed 20% of the value
7 of the qualified grassroots contributions the person col-
8 lected.

9 **“SEC. 504. QUALIFIED GRASSROOTS CONTRIBUTIONS DE-**
10 **SCRIBED.**

11 “(a) IN GENERAL.—In this title, the term ‘qualified
12 grassroots contribution’ means, with respect to a can-
13 didate and the authorized committees of a candidate, a
14 contribution that meets the following requirements:

15 “(1) The contribution is in an amount that is—

16 “(A) not less than the greater of \$5 or the
17 amount determined by the Commission under
18 section 542(c)(2); and

19 “(B) not more than the greater of \$100 or
20 the amount determined by the Commission
21 under section 542(c)(2).

22 “(2) The contribution is made by an individual
23 who is not otherwise prohibited from making a con-
24 tribution under this Act.

1 “(3) The individual who makes the contribution
2 has not made any contribution to the candidate or
3 the authorized committees of the candidate during
4 the election cycle involved that is not a qualified
5 grassroots contribution.

6 “(b) TREATMENT OF GRASSROOTS REFUNDABLE
7 CREDITS AND GRASSROOTS DEMOCRACY VOUCHERS.—
8 Any payment received by a candidate and the authorized
9 committees of a candidate which is treated as a qualified
10 grassroots Federal congressional campaign contribution
11 under section 36B of the Internal Revenue Code of 1986
12 or which consists of a Grassroots Democracy Coupon
13 under subtitle B of title I of the Grassroots Democracy
14 Act of 2012 shall be considered a qualified grassroots con-
15 tribution for purposes of this title, so long as the indi-
16 vidual making the payment meets the requirements of
17 paragraphs (2) and (3) of subsection (a).

18 “(c) EXCEPTION FOR CONTRIBUTIONS BY INDIVID-
19 UALS OPTING OUT OF GRASSROOTS SYSTEMS.—

20 “(1) IN GENERAL.—A contribution by an indi-
21 vidual shall not be treated as a qualified grassroots
22 contribution for purposes of this title if, at the time
23 the individual makes the contribution, the individual
24 notifies the recipient that the contribution is not to
25 be treated as a qualified grassroots contribution.

1 “(2) CONTRIBUTIONS DEEMED QUALIFIED.—

2 Any contribution which meets the requirements set
3 forth in subsection (a) shall be deemed a qualified
4 grassroots contribution without regard to whether
5 the individual making the contribution designates
6 the contribution as a qualified grassroots contribu-
7 tion for purposes of this title.

8 “(d) RESTRICTION ON SUBSEQUENT CONTRIBU-
9 TIONS.—

10 “(1) IN GENERAL.—An individual who makes a
11 qualified grassroots contribution to a candidate or
12 the authorized committees of a candidate during an
13 election cycle may not make any contribution to such
14 candidate or the authorized committees of such can-
15 didate during the cycle which is not a qualified
16 grassroots contribution.

17 “(2) NO EFFECT ON ABILITY TO MAKE MUL-
18 TIPLE CONTRIBUTIONS.—Nothing in this section
19 may be construed to prohibit an individual from
20 making multiple qualified grassroots contributions to
21 any candidate or any number of candidates, so long
22 as each contribution meets the requirements of this
23 section.

24 “(e) NOTIFICATION REQUIREMENTS FOR CAN-
25 DIDATES.—

1 “(1) NOTIFICATION.—Each authorized com-
2 mittee of a candidate who seeks to be a participating
3 candidate under this title shall provide the following
4 information in any materials for the solicitation of
5 contributions, including any Internet site through
6 which individuals may make contributions to the
7 committee:

8 “(A) A statement that if the candidate is
9 certified as a participating candidate under this
10 title, the candidate will receive matching pay-
11 ments in an amount which is based on the total
12 amount of qualified grassroots contributions re-
13 ceived.

14 “(B) A statement that a contribution
15 which meets the requirements set forth in sub-
16 section (a) shall be treated as a qualified grass-
17 roots contribution under this title unless the
18 contributor notifies the committee that the con-
19 tribution is not to be so treated.

20 “(C) A statement that if a contribution is
21 treated as qualified grassroots contribution
22 under this title, the individual who makes the
23 contribution may not make any contribution to
24 the candidate or the authorized committees of

1 the candidate during the election cycle which is
2 not a qualified grassroots contribution.

3 “(2) EXPANSION OF OTHER DISCLOSURE
4 STATEMENTS.—An authorized committee may meet
5 the requirements of paragraph (1) by modifying the
6 information it provides to persons making contribu-
7 tions which is otherwise required under title III (in-
8 cluding information it provides through the Inter-
9 net).

10 **“Subtitle B—Eligibility and** 11 **Certification**

12 **“SEC. 511. ELIGIBILITY.**

13 “(a) IN GENERAL.—A candidate for the office of
14 Senator or Representative in, or Delegate or Resident
15 Commissioner to, the Congress is eligible to be certified
16 as a participating candidate under this title with respect
17 to an election if the candidate meets the following require-
18 ments:

19 “(1) During the election cycle for the office in-
20 volved, the candidate files with the Commission a
21 statement of intent to seek certification as a partici-
22 pating candidate, and specifies in the statement
23 whether the candidate intends to seek certification
24 as a Tier 1 candidate or a Tier 2 candidate.

1 “(2) Each authorized committee of the can-
2 didate provides the information required under sec-
3 tion 503(d).

4 “(3) The candidate meets the qualifying re-
5 quirements of section 512.

6 “(4) Not later than the last day of the Grass-
7 roots Democracy qualifying period, the candidate
8 files with the Commission an affidavit signed by the
9 candidate and the treasurer of the candidate’s prin-
10 cipal campaign committee declaring that the can-
11 didate—

12 “(A) has complied and, if certified, will
13 comply with the contribution and expenditure
14 requirements of section 521;

15 “(B) if certified, will run only as a partici-
16 pating candidate for all elections for the office
17 that such candidate is seeking during that elec-
18 tion cycle; and

19 “(C) has either qualified or will take steps
20 to qualify under State law to be on the ballot.

21 “(b) GENERAL ELECTION.—Notwithstanding sub-
22 section (a), a candidate shall not be eligible to be certified
23 as a participating candidate under this title for a general
24 election or a general runoff election unless the candidate’s
25 party nominated the candidate to be placed on the ballot

1 for the general election or the candidate is otherwise quali-
2 fied to be on the ballot under State law.

3 “(c) GRASSROOTS DEMOCRACY QUALIFYING PERIOD
4 DEFINED.—The term ‘Grassroots Democracy qualifying
5 period’ means, with respect to any candidate for an office,
6 the 240-day period (during the election cycle for such of-
7 fice) which begins on the date on which the candidate files
8 a statement of intent under section 511(a)(1), except that
9 such period may not continue after the date that is 30
10 days before—

11 “(1) the date of the primary election; or

12 “(2) in the case of a State that does not hold
13 a primary election, the date prescribed by State law
14 as the last day to qualify for a position on the gen-
15 eral election ballot.

16 **“SEC. 512. QUALIFYING REQUIREMENTS.**

17 “(a) RECEIPT OF QUALIFIED GRASSROOTS CON-
18 TRIBUTIONS.—A candidate for the office of Senator or
19 Representative in, or Delegate or Resident Commissioner
20 to, the Congress meets the requirement of this section if,
21 during the Grassroots Democracy qualifying period de-
22 scribed in section 511(c), the candidate obtains the fol-
23 lowing:

24 “(1) A single qualified grassroots contribution
25 from not fewer than—

1 “(A) in the case of a candidate for the of-
2 fice of Representative in, or Delegate or Resi-
3 dent Commissioner to, the Congress, 2,000 in-
4 dividuals, of whom not fewer than 50 percent
5 shall be residents of the Congressional district
6 the candidate seeks to represent; or

7 “(B) in the case of a candidate for the of-
8 fice of Senator, a number of individuals equal
9 to the sum of 2,000 plus an amount equal to
10 the product of 500 and the number of Congres-
11 sional districts in the State involved, of whom
12 not fewer than 50 percent shall be residents of
13 the State in which the candidate seeks election.

14 “(2) A total dollar amount of qualified grass-
15 roots contributions equal to or greater than—

16 “(A) in the case of a candidate for the of-
17 fice of Representative in, or Delegate or Resi-
18 dent Commissioner to, the Congress, \$50,000;
19 or

20 “(B) in the case of a candidate for the of-
21 fice of Senator, the sum of \$200,000 plus an
22 amount equal to the product of \$25,000 and
23 the number of Congressional districts in the
24 State involved.

1 “(b) REQUIREMENTS RELATING TO RECEIPT OF
2 QUALIFIED GRASSROOTS CONTRIBUTION.—Each quali-
3 fied grassroots contribution—

4 “(1) may be made by means of a personal
5 check, money order, debit card, credit card, elec-
6 tronic payment account, or text message;

7 “(2) shall be accompanied by a signed state-
8 ment (or, in the case of a contribution made online
9 or through other electronic means, an electronic
10 equivalent) containing—

11 “(A) the contributor’s name and the con-
12 tributor’s address in the State in which the pri-
13 mary residence of the contributor is located,
14 and

15 “(B) an oath declaring that the contrib-
16 utor—

17 “(i) understands that the purpose of
18 the contribution is to show support for the
19 candidate so that the candidate may qual-
20 ify for Grassroots Democracy financing,

21 “(ii) is making the contribution in his
22 or her own name and from his or her own
23 funds,

24 “(iii) has made the contribution will-
25 ingly, and

1 “(iv) has not received any thing of
2 value in return for the contribution; and

3 “(3) shall be acknowledged by a receipt that is
4 sent to the contributor with a copy (in paper or elec-
5 tronic form) kept by the candidate for the Commis-
6 sion and a copy (in paper or electronic form) kept
7 by the candidate for the election authorities in the
8 State with respect to which the candidate is seeking
9 election.

10 “(c) VERIFICATION OF QUALIFIED GRASSROOTS
11 CONTRIBUTIONS.—The Commission shall establish proce-
12 dures for the auditing and verification of qualified grass-
13 roots contributions to ensure that such contributions meet
14 the requirements of this section.

15 “(d) PROHIBITING PAYMENT ON COMMISSION BASIS
16 OF INDIVIDUALS COLLECTING QUALIFIED GRASSROOTS
17 CONTRIBUTIONS.—No person may be paid a commission
18 on a per contribution basis for collecting qualified grass-
19 roots contributions.

20 **“SEC. 513. CERTIFICATION.**

21 “(a) DEADLINE AND NOTIFICATION.—

22 “(1) IN GENERAL.—Not later than 5 days after
23 a candidate files an affidavit under section
24 511(a)(3), the Commission shall—

1 “(A) determine whether or not the can-
2 didate meets the requirements for certification
3 as a participating candidate;

4 “(B) if the Commission determines that
5 the candidate meets such requirements, certify
6 the candidate as a participating Tier 1 can-
7 didate or a participating Tier 2 candidate; and

8 “(C) notify the candidate of the Commis-
9 sion’s determination.

10 “(2) DEEMED CERTIFICATION FOR ALL ELEC-
11 TIONS IN ELECTION CYCLE.—If the Commission cer-
12 tifies a candidate as a participating Tier 1 candidate
13 or a participating Tier 2 candidate with respect to
14 the first election of the election cycle involved, the
15 Commissioner shall be deemed to have certified the
16 candidate as such a participating candidate with re-
17 spect to all subsequent elections of the election cycle.

18 “(b) REVOCATION OF CERTIFICATION.—

19 “(1) IN GENERAL.—The Commission may re-
20 voke a certification under subsection (a) if—

21 “(A) a candidate fails to qualify to appear
22 on the ballot at any time after the date of cer-
23 tification (other than a candidate certified as a
24 participating candidate with respect to a pri-
25 mary election who fails to qualify to appear on

1 the ballot for a subsequent election in that elec-
2 tion cycle); or

3 “(B) a candidate otherwise fails to comply
4 with the requirements of this title, including
5 any regulatory requirements prescribed by the
6 Commission.

7 “(2) EFFECT OF REVOCATION.—If a can-
8 didate’s certification is revoked under paragraph
9 (1)—

10 “(A) the candidate shall repay to the
11 Grassroots Democracy Fund established under
12 section 541 an amount equal to the payments
13 received under this title with respect to the elec-
14 tion cycle involved plus interest (at a rate deter-
15 mined by the Commission) on any such amount
16 received;

17 “(B) the candidate may not receive pay-
18 ments under this title during the remainder of
19 the election cycle involved; and

20 “(C) the candidate may not be certified as
21 a participating candidate under this title with
22 respect to the next election cycle.

23 “(3) PROHIBITING PARTICIPATION IN FUTURE
24 ELECTIONS FOR CANDIDATES WITH MULTIPLE REV-
25 OCATIONS.—If the Commission revokes the certifi-

1 cation of an individual as a participating candidate
2 under this title 3 times, the individual may not be
3 certified as a participating candidate under this title
4 with respect to any subsequent election.

5 “(c) PARTICIPATING CANDIDATE DEFINED.—In this
6 title, a ‘participating candidate’ means a candidate for the
7 office of Senator or Representative in, or Delegate or Resi-
8 dent Commissioner to, the Congress who is certified under
9 this section as eligible to receive benefits under this title.

10 **“Subtitle C—Requirements for Can-**
11 **didates Certified as Partici-**
12 **pating Candidates**

13 **“SEC. 521. CONTRIBUTION AND EXPENDITURE REQUIRE-**
14 **MENTS.**

15 “(a) PERMITTED SOURCES OF CONTRIBUTIONS AND
16 EXPENDITURES.—

17 “(1) TIER 1 CANDIDATES.—Except as provided
18 in subsection (c), a participating candidate who is
19 certified as a Tier 1 candidate with respect to an
20 election shall, with respect to all elections occurring
21 during the election cycle for the office involved, ac-
22 cept no contributions from any source and make no
23 expenditures from any amounts, other than the fol-
24 lowing:

25 “(A) Qualified grassroots contributions.

1 “(B) Payments under this title.

2 “(C) Contributions from political commit-
3 tees established and maintained by a national
4 or State political party.

5 “(D) Subject to subsection (b), personal
6 funds of the candidate or of any immediate
7 family member of the candidate (other than
8 funds received through qualified grassroots con-
9 tributions).

10 “(E) Subject to subsection (e), contribu-
11 tions from individuals who are otherwise per-
12 mitted to make contributions under this Act.

13 “(2) TIER 2 CANDIDATES.—Except as provided
14 in subsection (c), a participating candidate who is
15 certified as a Tier 2 candidate with respect to an
16 election shall, with respect to all elections occurring
17 during the election cycle for the office involved, ac-
18 cept no contributions from any source and make no
19 expenditures from any amounts, other than the fol-
20 lowing:

21 “(A) Qualified grassroots contributions.

22 “(B) Payments under this title.

23 “(C) Contributions from political commit-
24 tees established and maintained by a national
25 or State political party.

1 “(D) Subject to subsection (b), personal
2 funds of the candidate or of any immediate
3 family member of the candidate (other than
4 funds received through qualified grassroots con-
5 tributions).

6 “(b) SPECIAL RULES FOR PERSONAL FUNDS.—

7 “(1) LIMIT ON AMOUNT.—A candidate who is
8 certified as a participating candidate may use per-
9 sonal funds (including personal funds of any imme-
10 diate family member of the candidate) so long as—

11 “(A) the amount used with respect to the
12 election cycle does not exceed \$50,000; and

13 “(B) the funds are used only for making
14 direct payments for the receipt of goods and
15 services which constitute authorized expendi-
16 tures in connection with the election cycle in-
17 volved.

18 “(2) IMMEDIATE FAMILY MEMBER DEFINED.—

19 In this subsection, the term ‘immediate family’
20 means, with respect to a candidate—

21 “(A) the candidate’s spouse;

22 “(B) a child, stepchild, parent, grand-
23 parent, brother, half-brother, sister, or half-sis-
24 ter of the candidate or the candidate’s spouse;
25 and

1 “(C) the spouse of any person described in
2 subparagraph (B).

3 “(c) EXCEPTIONS.—

4 “(1) EXCEPTION FOR CONTRIBUTIONS RE-
5 CEIVED PRIOR TO FILING OF STATEMENT OF IN-
6 TENT.—A candidate who has accepted contributions
7 that are not described in paragraph (1) of sub-
8 section (a) (in the case of a Tier 1 candidate) or in
9 paragraph (2) of subsection (a) (in the case of a
10 Tier 2 candidate) prior to the date the candidate
11 files a statement of intent under section 511(a)(1)
12 is not in violation of subsection (a), but only if all
13 such contributions are—

14 “(A) returned to the contributor;

15 “(B) submitted to the Commission for de-
16 posit in the Grassroots Democracy Fund estab-
17 lished under section 541; or

18 “(C) spent in accordance with paragraph
19 (2).

20 “(2) EXCEPTION FOR EXPENDITURES MADE
21 PRIOR TO FILING OF STATEMENT OF INTENT.—If a
22 candidate has made expenditures prior to the date
23 the candidate files a statement of intent under sec-
24 tion 511(a)(1) that the candidate is prohibited from
25 making under subsection (a) or subsection (b), the

1 candidate is not in violation of such subsection if the
2 aggregate amount of the prohibited expenditures is
3 less than the amount referred to in section
4 512(a)(2) (relating to the total dollar amount of
5 qualified grassroots contributions which the can-
6 didate is required to obtain) which is applicable to
7 the candidate.

8 “(3) EXCEPTION FOR CAMPAIGN SURPLUSES
9 FROM A PREVIOUS ELECTION.—Notwithstanding
10 paragraph (1), unexpended contributions received by
11 the candidate or the an authorized committee of the
12 candidate with respect to a previous election may be
13 retained, but only if the candidate places the funds
14 in escrow and refrains from raising additional funds
15 for or spending funds from that account during the
16 election cycle in which a candidate is a participating
17 candidate.

18 “(4) EXCEPTION FOR CONTRIBUTIONS RE-
19 CEIVED BEFORE THE EFFECTIVE DATE OF THIS
20 TITLE.—Contributions received and expenditures
21 made by the candidate or an authorized committee
22 of the candidate prior to the effective date of this
23 title shall not constitute a violation of subsection (a)
24 or (b). Unexpended contributions shall be treated
25 the same as campaign surpluses under paragraph

1 (3), and expenditures made shall count against the
2 limit in paragraph (2).

3 “(d) SPECIAL RULE FOR COORDINATED PARTY EX-
4 PENDITURES.—For purposes of this section, a payment
5 made by a political party in coordination with a partici-
6 pating candidate shall not be treated as a contribution to
7 or as an expenditure made by the participating candidate.

8 “(e) PHASE-OUT OF AMOUNT OF PRIVATE CON-
9 TRIBUTIONS THAT MAY BE ACCEPTED BY TIER 1 CAN-
10 DIDATES.—With respect to an election cycle occurring
11 after the first 3 election cycles for which this title is in
12 effect, the amount of a contribution that may be accepted
13 from an individual by a participating candidate who is cer-
14 tified as a Tier 1 candidate may not exceed the following:

15 “(1) For the fourth election cycle for which this
16 title is in effect, an amount equal to 60% of the lim-
17 itation on the amount of a contribution which a can-
18 didate may accept from an individual for such cycle
19 under section 315(a)(1).

20 “(2) For the fifth election cycle for which this
21 title is in effect, an amount equal to 40% of the lim-
22 itation on the amount of a contribution which a can-
23 didate may accept from an individual for such cycle
24 under section 315(a)(1).

1 “(3) For the sixth election cycle for which this
2 title is in effect and any subsequent election cycle,
3 an amount equal to 20% of the limitation on the
4 amount of a contribution which a candidate may ac-
5 cept from an individual for such cycle under section
6 315(a)(1).

7 “(f) PROHIBITION ON JOINT FUNDRAISING COMMIT-
8 TEES.—

9 “(1) PROHIBITION.—An authorized committee
10 of a candidate who is certified as a participating
11 candidate under this title with respect to an election
12 may not establish a joint fundraising committee with
13 a political committee other than another authorized
14 committee of the candidate.

15 “(2) STATUS OF EXISTING COMMITTEES FOR
16 PRIOR ELECTIONS.—If a candidate established a
17 joint fundraising committee described in paragraph
18 (1) with respect to a prior election for which the
19 candidate was not certified as a participating can-
20 didate under this title and the candidate does not
21 terminate the committee, the candidate shall not be
22 considered to be in violation of paragraph (1) so
23 long as that joint fundraising committee does not re-
24 ceive any contributions or make any disbursements

1 during the election cycle for which the candidate is
2 certified as a participating candidate under this title.

3 **“SEC. 522. ADMINISTRATION OF CAMPAIGN.**

4 “(a) USE OF SEPARATE ACCOUNTS FOR VARIOUS
5 PERMITTED CONTRIBUTIONS.—Each authorized com-
6 mittee of a candidate certified as a participating candidate
7 under this title—

8 “(1) shall establish a separate account for each
9 type of contribution described in paragraph (1) of
10 section 521(a) (in the case of a Tier 1 candidate) or
11 paragraph (2) of section 521(a) (in the case of a
12 Tier 2 candidate) which is received by the com-
13 mittee, and shall deposit each contribution in the ac-
14 count established for that type of contribution; and

15 “(2) shall establish a separate account for the
16 payments received under this title, and shall deposit
17 each such payment in that account.

18 “(b) ENHANCED REPORTING OF DISBURSEMENTS.—
19 In addition to any reports required under section 304, not
20 later than 3 months after the end of the election cycle
21 involved, each authorized committee of a candidate cer-
22 tified as a participating candidate under this title shall
23 submit a report to the Commission on all disbursements
24 made from each separate account established under sub-

1 section (a) (in the same manner as the report required
2 under section 304(b)(4)).

3 “(c) ENHANCED INTERNET DISCLOSURE OF INFOR-
4 MATION ON DONORS.—Each authorized committee of a
5 candidate shall ensure that all information reported to the
6 Commission under this Act with respect to contributions
7 and expenditures of the committee is available to the pub-
8 lic on the Internet (whether through a site established for
9 purposes of this subsection, a hyperlink on another public
10 site of the committee, or a hyperlink on a report filed elec-
11 tronically with the Commission) in a searchable, sortable,
12 and downloadable manner.

13 **“SEC. 523. PREVENTING UNNECESSARY SPENDING OF PUB-
14 LIC FUNDS.**

15 “(a) MANDATORY SPENDING OF AVAILABLE PRI-
16 VATE FUNDS.—An authorized committee of a candidate
17 certified as a participating candidate under this title may
18 not make any expenditure of any payments received under
19 this title in any amount unless the committee has made
20 an expenditure in an equivalent amount of funds received
21 by the committee which are described in—

22 “(1) subparagraphs (C), (D), and (E) of para-
23 graph (1) of section 521(a), in the case of a Tier 1
24 candidate; or

1 “(2) subparagraphs (C) and (D) of paragraph
2 (2) of section 521(a), in the case of a Tier 2 can-
3 didate.

4 “(b) LIMITATION.—Subsection (a) applies to an au-
5 thorized committee only to the extent that the funds re-
6 ferred to in paragraph (1) of such subsection (in the case
7 of a Tier 1 candidate) or in paragraph (2) of such sub-
8 section (in the case of a Tier 2 candidate) are available
9 to the committee at the time the committee makes an ex-
10 penditure of a payment received under this title.

11 **“SEC. 524. REMITTING UNSPENT FUNDS AFTER ELECTION.**

12 “(a) REMITTANCE REQUIRED.—

13 “(1) IN GENERAL.—Not later than the date
14 that is 60 days after the last election for which a
15 candidate certified as a participating candidate
16 qualifies to be on the ballot during the election cycle
17 involved, such participating candidate shall remit to
18 the Commission for deposit in the Grassroots De-
19 mocracy Fund established under section 541 an
20 amount equal to the balance of the accounts estab-
21 lished by the authorized committees of the candidate
22 under section 522 for the payments received under
23 this title.

24 “(2) EXCEPTION FOR TIER 2 CANDIDATES PAR-
25 TICIPATING IN NEXT CYCLE.—Notwithstanding

1 paragraph (1), a Tier 2 candidate may withhold not
2 more than \$50,000 from the amount required to be
3 remitted under paragraph (1) if the candidate files
4 a signed affidavit with the Commission that the can-
5 didate will seek certification as a Tier 2 candidate
6 with respect to the next election cycle. If the can-
7 didate fails to seek certification as a Tier 2 can-
8 didate prior to the last day of the Grassroots De-
9 mocracy qualifying period for the next election cycle
10 (as described in section 511), or if the Commission
11 notifies the candidate of the Commission’s deter-
12 mination does not meet the requirements for certifi-
13 cation as a Tier 2 candidate with respect to such
14 cycle, the candidate shall immediately remit to the
15 Commission the amount withheld.

16 “(b) EXCEPTION FOR EXPENDITURES INCURRED
17 BUT NOT PAID AS OF DATE OF REMITTANCE.—

18 “(1) IN GENERAL.—A candidate may withhold
19 from the amount required to be remitted under sub-
20 section (a) the amount of any authorized expendi-
21 tures which were incurred in connection with the
22 candidate’s campaign but which remain unpaid as of
23 the deadline applicable to the candidate under such
24 subsection, except that any amount withheld pursu-
25 ant to this paragraph shall be remitted to the Com-

1 mission not later than 120 days after the date of the
2 election to which such subsection applies.

3 “(2) DOCUMENTATION REQUIRED.—A can-
4 didate may withhold an amount of an expenditure
5 pursuant to paragraph (1) only if the candidate sub-
6 mits documentation of the expenditure and the
7 amount to the Commission not later than the dead-
8 line applicable to the candidate under subsection (a).

9 **“Subtitle D—Supplemental Grass-**
10 **roots Democracy People’s Fund**
11 **Payments**

12 **“SEC. 531. ELIGIBILITY OF PARTICIPATING CANDIDATES**
13 **FOR PAYMENTS.**

14 “(a) PAYMENTS TO CANDIDATES.—In addition to the
15 payments made under subtitle A, a candidate certified as
16 a participating candidate under this title with respect to
17 an election shall be entitled to a supplemental Grassroots
18 Democracy People’s Fund payment from the Grassroots
19 Democracy Fund each time during the election cycle that
20 the Commission issues a determination under subsection
21 (b) that the outside speech threshold with respect to the
22 election has been reached.

23 “(b) OUTSIDE SPEECH THRESHOLD.—

24 “(1) DETERMINATIONS BY COMMISSION.—

1 “(A) IN GENERAL.—For purposes of this
2 section, the Commission shall issue a deter-
3 mination that the outside speech threshold with
4 respect to an election is reached each time dur-
5 ing the election cycle that the Commission de-
6 termines that the amount disbursed for political
7 activity with respect to the election exceeds—

8 “(i) the House threshold, in the case
9 of an election for the office of Representa-
10 tive in, or Delegate or Resident Commis-
11 sioner to, the Congress; or

12 “(ii) the Senate threshold, in the case
13 of an election for the office of Senator.

14 “(B) EXCLUSION OF CERTAIN DISBURSE-
15 MENTS.—For purposes of subparagraph (A), in
16 determining the amount disbursed for political
17 activity with respect to an election, there shall
18 be excluded—

19 “(i) disbursements made by any au-
20 thorized committee of a candidate; and

21 “(ii) disbursements made by a polit-
22 ical committee of a national political party.

23 “(C) INCLUSION OF AMOUNTS SPENT ON
24 NON-CANDIDATE-SPECIFIC ADVERTISEMENTS.—

25 In determining the amount disbursed for polit-

1 ical activity with respect to an election under
2 subparagraph (A), there shall be included any
3 amount disbursed for a political advertisement
4 described in subsection (c)(3).

5 “(2) SUBSEQUENT DETERMINATIONS AFTER
6 THRESHOLD IS FIRST REACHED.—After the first
7 time during the election cycle that the Commission
8 issues a determination under paragraph (1) that the
9 outside speech threshold with respect to an election
10 has been reached, any subsequent determination as
11 to whether the threshold has been reached shall be
12 made only on the basis of disbursements made after
13 the most recent such determination issued by the
14 Commission.

15 “(3) HOUSE THRESHOLD.—

16 “(A) IN GENERAL.—For purposes of para-
17 graph (1)(A), the ‘House threshold’ with re-
18 spect to an election is an amount equal to the
19 product of the adjusted baseline amount under
20 subparagraph (B) and the number of can-
21 didates in the election.

22 “(B) ADJUSTED BASELINE AMOUNT.—For
23 purposes of subparagraph (A), the ‘adjusted
24 baseline amount’ with respect to an election is
25 an amount equal to the product of \$250,000

1 and an adjustment factor applied by the Com-
2 mission to take into account the relative media-
3 related costs of political activity in the Congres-
4 sional district involved as compared to the aver-
5 age of such costs among all Congressional dis-
6 tricts.

7 “(C) EXCLUSION OF CERTAIN CAN-
8 DIDATES.—For purposes of subparagraph (A),
9 in determining the number of candidates in an
10 election, there shall be excluded any candidate
11 who is determined by the Commission to be a
12 minor candidate, in accordance with such cri-
13 teria as the Commission shall by regulation es-
14 tablish, taking into account the amount of
15 funds raised and expended by the candidate,
16 the candidate’s ability to qualify for the ballot,
17 and such other factors as the Commission con-
18 siders appropriate.

19 “(4) SENATE THRESHOLD.—

20 “(A) IN GENERAL.—For purposes of para-
21 graph (1)(A), the ‘Senate threshold’ with re-
22 spect to an election is an amount equal to the
23 product of the adjusted baseline amount under
24 subparagraph (B) and the number of can-
25 didates in the election.

1 “(B) ADJUSTED BASELINE AMOUNT.—For
2 purposes of subparagraph (A), the ‘adjusted
3 baseline amount’ with respect to an election is
4 an amount equal to the product of—

5 “(i) the sum of \$250,000 plus the
6 product of \$100,000 and the number of
7 Congressional districts in the State in-
8 volved; and

9 “(ii) an adjustment factor applied by
10 the Commission to take into account the
11 relative media-related costs of political ac-
12 tivity in the State involved as compared to
13 the average of such costs among all States.

14 “(C) EXCLUSION OF CERTAIN CAN-
15 DIDATES.—For purposes of subparagraph (A),
16 in determining the number of candidates in an
17 election, there shall be excluded any candidate
18 who is determined by the Commission to be a
19 minor candidate, in accordance with such cri-
20 teria as the Commission shall by regulation es-
21 tablish, taking into account the amount of
22 funds raised and expended by the candidate,
23 the candidate’s ability to qualify for the ballot,
24 and such other factors as the Commission con-
25 siders appropriate.

1 “(c) POLITICAL ACTIVITY DEFINED.—In this sec-
2 tion, ‘political activity’ means, with respect to an election,
3 any of the following:

4 “(1) A publicly disseminated communication
5 consisting of an independent expenditure (as defined
6 in section 301(17)) which advocates the election or
7 defeat of a candidate in the election.

8 “(2) A publicly disseminated communication
9 consisting of an electioneering communication (as
10 defined in section 304(f)) which refers to a can-
11 didate in the election.

12 “(3) A publicly disseminated communication
13 consisting of a communication which refers to the
14 political party of a candidate in the election and
15 which would be treated as an electioneering commu-
16 nication (as defined in section 304(f)) if it referred
17 to a clearly identified candidate for Federal office.

18 “(4) Voter registration, voter identification, get-
19 out-the-vote, and other related activity carried out in
20 connection with the election.

21 **“SEC. 532. AMOUNT OF PAYMENT; USE OF FUNDS.**

22 “(a) AMOUNT.—The amount of the supplemental
23 Grassroots Democracy People’s Fund payment made to a
24 candidate under this subtitle shall be equal to 100 percent
25 of the aggregate amount of qualified grassroots donations

1 received by the candidate, as reported in the most recent
2 request for a payment under this title which has been sub-
3 mitted by the candidate under section 502 at the time the
4 Commission issues a determination under section 541(b).

5 “(b) USE OF FUNDS.—A candidate shall use the sup-
6 plemental payment under this subtitle only for authorized
7 expenditures in connection with the election cycle involved.

8 **“SEC. 533. SEVERABILITY.**

9 “If any provision of this subtitle, or the application
10 of a provision of this subtitle to any person or cir-
11 cumstance, is held to be unconstitutional, the remainder
12 of this title, and the application of the provisions to any
13 person or circumstance, shall not be affected by the hold-
14 ing.

15 **“Subtitle E—Administrative**
16 **Provisions**

17 **“SEC. 541. GRASSROOTS DEMOCRACY FUND.**

18 “(a) ESTABLISHMENT.—There is established in the
19 Treasury a fund to be known as the ‘Grassroots Democ-
20 racy Fund’.

21 “(b) AMOUNTS HELD BY FUND.—The Fund shall
22 consist of the following amounts:

23 “(1) APPROPRIATED AMOUNTS.—Amounts ap-
24 propriated to the Fund, including trust fund

1 amounts appropriated pursuant to applicable provi-
2 sions of the Internal Revenue Code of 1986.

3 “(2) VOLUNTARY CONTRIBUTIONS.—Voluntary
4 contributions to the Fund.

5 “(3) OTHER DEPOSITS.—Amounts deposited
6 into the Fund under—

7 “(A) section 6098 of the Internal Revenue
8 Code of 1986 (relating to contributions to
9 Grassroots Democracy Fund);

10 “(B) section 521(c) (relating to exceptions
11 to contribution requirements);

12 “(C) section 523 (relating to remittance of
13 unused payments from the Fund);

14 “(D) section 544 (relating to violations);
15 and

16 “(E) any other section of this Act.

17 “(4) INVESTMENT RETURNS.—Interest on, and
18 the proceeds from, the sale or redemption of, any
19 obligations held by the Fund under subsection (c).

20 “(c) INVESTMENT.—The Commission shall invest
21 portions of the Fund in obligations of the United States
22 in the same manner as provided under section 9602(b)
23 of the Internal Revenue Code of 1986.

24 “(d) USE OF FUND.—

1 “(1) IN GENERAL.—The sums in the Fund
2 shall be used to make payments to participating can-
3 didates as provided in this title.

4 “(2) INSUFFICIENT AMOUNTS.—Under regula-
5 tions established by the Commission, rules similar to
6 the rules of section 9006(c) of the Internal Revenue
7 Code of 1986 shall apply.

8 **“SEC. 542. GRASSROOTS DEMOCRACY ADVISORY COMMIS-**
9 **SION.**

10 “(a) ESTABLISHMENT.—There is established within
11 the Federal Election Commission an entity to be known
12 as the ‘Grassroots Democracy Advisory Commission’ (in
13 this title referred to as the ‘Advisory Commission’).

14 “(b) STRUCTURE AND MEMBERSHIP.—

15 “(1) IN GENERAL.—The Advisory Commission
16 shall be composed of 5 members appointed by the
17 President with the advice and consent of the Senate,
18 of whom—

19 “(A) 2 shall be appointed after consulta-
20 tion with the Majority Leader of the House of
21 Representatives;

22 “(B) 2 shall be appointed after consulta-
23 tion with the Minority Leader of the House of
24 Representatives; and

1 “(C) 1 shall be appointed upon the rec-
2 ommendation of the members appointed under
3 subparagraphs (A) and (B).

4 “(2) QUALIFICATIONS.—

5 “(A) IN GENERAL.—The members shall be
6 individuals who by reason of their education,
7 experience, and attainments, are exceptionally
8 qualified to perform the duties of members of
9 the Advisory Commission.

10 “(B) PROHIBITION.—No member of the
11 Advisory Commission may be—

12 “(i) an employee of the Federal gov-
13 ernment;

14 “(ii) a registered lobbyist or an indi-
15 vidual who was a registered lobbyist at any
16 time during the 2-year period preceding
17 appointment to the Advisory Commission;
18 or

19 “(iii) an officer or employee of a polit-
20 ical party or political campaign.

21 “(3) DATE.—Members of the Advisory Commis-
22 sion shall be appointed not later than 60 days after
23 the date of the enactment of this Act.

24 “(4) TERMS.—A member of the Advisory Com-
25 mission shall be appointed for a term of 5 years.

1 “(5) VACANCIES.—A vacancy on the Advisory
2 Commission shall be filled not later than 30 calendar
3 days after the date on which the Advisory Commis-
4 sion is given notice of the vacancy, in the same man-
5 ner as the original appointment. The individual ap-
6 pointed to fill the vacancy shall serve only for the
7 unexpired portion of the term for which the individ-
8 ual’s predecessor was appointed.

9 “(6) CHAIRPERSON.—The Advisory Commission
10 shall designate a Chairperson from among the mem-
11 bers of the Board.

12 “(c) DUTIES AND POWERS.—

13 “(1) ADMINISTRATION.—The Advisory Commis-
14 sion shall have such duties and powers as the Com-
15 mission may prescribe, including the power to ad-
16 minister the provisions of this title.

17 “(2) REVIEW OF GRASSROOTS DEMOCRACY FI-
18 NANCING.—

19 “(A) IN GENERAL.—After each regularly
20 scheduled general election for Federal office,
21 the Advisory Commission shall conduct a com-
22 prehensive review of the Grassroots Democracy
23 financing program under this title, including—

1 “(i) the maximum and minimum dol-
2 lar amounts of qualified grassroots con-
3 tributions under section 504;

4 “(ii) the number and value of quali-
5 fied grassroots contributions a candidate is
6 required to obtain under section 512(a) to
7 be eligible for certification as a partici-
8 pating candidate;

9 “(iii) the maximum amount of pay-
10 ments a candidate may receive under this
11 title;

12 “(iv) the overall satisfaction of partici-
13 pating candidates and the American public
14 with the program; and

15 “(v) such other matters relating to fi-
16 nancing of campaigns as the Advisory
17 Commission determines are appropriate.

18 “(B) CRITERIA FOR REVIEW.—In con-
19 ducting the review under subparagraph (A), the
20 Advisory Commission shall consider the fol-
21 lowing:

22 “(i) QUALIFIED GRASSROOTS CON-
23 TRIBUTIONS.—The Advisory Commission
24 shall consider whether the number and dol-
25 lar amounts of qualified grassroots con-

1 tributions required strikes a balance re-
2 garding the importance of voter involve-
3 ment, the need to assure adequate incen-
4 tives for participating, and fiscal responsi-
5 bility, taking into consideration the num-
6 ber of primary and general election partici-
7 pating candidates, the electoral perform-
8 ance of those candidates, program cost,
9 and any other information the Advisory
10 Commission determines is appropriate.

11 “(ii) REVIEW OF PAYMENT LEVELS.—

12 The Advisory Commission shall consider
13 whether the totality of the amount of
14 funds allowed to be raised by participating
15 candidates (including through qualified
16 grassroots contributions) and payments
17 under this title are sufficient for voters in
18 each State to learn about the candidates to
19 cast an informed vote, taking into account
20 the historic amount of spending by winning
21 candidates, media costs, primary election
22 dates, and any other information the Advi-
23 sory Commission determines is appro-
24 priate.

25 “(C) ADJUSTMENT OF AMOUNTS.—

1 “(i) IN GENERAL.—Based on the re-
2 view conducted under subparagraph (A),
3 the Advisory Commission shall provide for
4 the adjustments of the following amounts:

5 “(I) The maximum and minimum
6 dollar amounts of qualified grassroots
7 contributions under section 504.

8 “(II) The number and value of
9 qualified grassroots contributions a
10 candidate is required to obtain under
11 section 512(a) to be eligible for cer-
12 tification as a participating candidate.

13 “(III) The maximum amount of
14 payments may receive under this title.

15 “(ii) REGULATIONS.—The Commis-
16 sion shall promulgate regulations providing
17 for the adjustments made by the Advisory
18 Commission under clause (i).

19 “(D) REVIEW OF GRASSROOTS DEMOCRACY
20 PEOPLE’S FUND PROGRAM.—After each regu-
21 larly scheduled general election for Federal of-
22 fice, the Advisory Commission shall conduct a
23 comprehensive review of the program for mak-
24 ing supplemental Grassroots Democracy Peo-

1 ple’s Fund payments under subtitle D, and
2 shall include in the review the following:

3 “(i) A review of the outside speech
4 threshold established under section 531(b),
5 including the amounts used to determine
6 the House threshold under paragraph (3)
7 of such section and the Senate threshold
8 under paragraph (4) of such section.

9 “(ii) The effectiveness of the adjust-
10 ment factors applied by the Commission
11 under section 531(b) to take into account
12 the relative media-related costs of political
13 activity in Congressional districts and
14 States.

15 “(iii) The overall satisfaction of par-
16 ticipating candidates and the American
17 public with the Program.

18 “(iv) Such other matters relating to
19 the making of payments under such sub-
20 title as the Advisory Commission deter-
21 mines are appropriate.

22 “(E) REPORT.—Not later than each June
23 1 which follows a regularly scheduled general
24 election for Federal office for which payments
25 were made under this title, the Advisory Com-

1 mission shall submit a report to Congress on
2 the review conducted under this paragraph.
3 Such report shall contain a detailed statement
4 of the findings, conclusions, and recommenda-
5 tions of the Advisory Commission based on such
6 review.

7 “(d) MEETINGS AND HEARINGS.—

8 “(1) MEETINGS.—The Advisory Commission
9 may hold such hearings, sit and act at such times
10 and places, take such testimony, and receive such
11 evidence as the Advisory Commission considers ad-
12 visable to carry out the purposes of this Act.

13 “(2) QUORUM.—Three members of the Advi-
14 sory Commission shall constitute a quorum for pur-
15 poses of voting, but a quorum is not required for
16 members to meet and hold hearings.

17 “(e) REPORTS.—Not later than each June 1 which
18 follows a regularly scheduled general election for Federal
19 office for which payments were made under this title, the
20 Advisory Commission shall submit to the Committee on
21 House Administration of the House of Representatives a
22 report documenting, evaluating, and making recommenda-
23 tions relating to the administrative implementation and
24 enforcement of the provisions of this title.

25 “(f) ADMINISTRATION.—

1 “(1) COMPENSATION OF MEMBERS.—

2 “(A) IN GENERAL.—Each member, other
3 than the Chairperson, shall be paid at a rate
4 equal to the daily equivalent of the minimum
5 annual rate of basic pay prescribed for level IV
6 of the Executive Schedule under section 5315
7 of title 5, United States Code.

8 “(B) CHAIRPERSON.—The Chairperson
9 shall be paid at a rate equal to the daily equiva-
10 lent of the minimum annual rate of basic pay
11 prescribed for level III of the Executive Sched-
12 ule under section 5314 of title 5, United States
13 Code.

14 “(2) PERSONNEL.—

15 “(A) DIRECTOR.—The Advisory Commis-
16 sion shall have a staff headed by an Executive
17 Director. The Executive Director shall be paid
18 at a rate equivalent to a rate established for the
19 Senior Executive Service under section 5382 of
20 title 5, United States Code.

21 “(B) STAFF APPOINTMENT.—With the ap-
22 proval of the Chairperson, the Executive Direc-
23 tor may appoint such personnel as the Execu-
24 tive Director and the Advisory Commission de-
25 termines to be appropriate.

1 “(C) EXPERTS AND CONSULTANTS.—With
2 the approval of the Chairperson, the Executive
3 Director may procure temporary and intermit-
4 tent services under section 3109(b) of title 5,
5 United States Code.

6 “(D) DETAIL OF GOVERNMENT EMPLOY-
7 EES.—Upon the request of the Chairperson, the
8 head of any Federal agency may detail, without
9 reimbursement, any of the personnel of such
10 agency to the Advisory Commission to assist in
11 carrying out the duties of the Advisory Com-
12 mission. Any such detail shall not interrupt or
13 otherwise affect the civil service status or privi-
14 leges of the Federal employee.

15 “(E) OTHER RESOURCES.—The Advisory
16 Commission shall have reasonable access to ma-
17 terials, resources, statistical data, and other in-
18 formation from the Library of Congress and
19 other agencies of the executive and legislative
20 branches of the Federal Government. The
21 Chairperson of the Advisory Commission shall
22 make requests for such access in writing when
23 necessary.

1 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated such sums as are nec-
3 essary to carry out the purposes of this subtitle.

4 **“SEC. 543. ADMINISTRATION BY COMMISSION.**

5 “The Commission shall prescribe regulations to carry
6 out the purposes of this title, including regulations—

7 “(1) to establish procedures for—

8 “(A) verifying the amount of qualified
9 grassroots contributions with respect to a can-
10 didate,

11 “(B) effectively and efficiently monitoring
12 and enforcing the limits on the raising of quali-
13 fied grassroots contributions,

14 “(C) effectively and efficiently monitoring
15 and enforcing the limits on the use of personal
16 funds by participating candidates, and

17 “(D) monitoring the use of allocations
18 from the Grassroots Democracy Fund estab-
19 lished under section 541 and matching con-
20 tributions under this title through audits of not
21 fewer than $\frac{1}{10}$ (or, in the case of the first 3
22 election cycles during which the program under
23 this title is in effect, not fewer than $\frac{1}{3}$) of all
24 participating candidates or other mechanisms;
25 and

1 “(2) regarding the conduct of debates in a man-
2 ner consistent with the best practices of States that
3 provide public financing for elections.

4 **“SEC. 544. VIOLATIONS AND PENALTIES.**

5 “(a) CIVIL PENALTY FOR VIOLATION OF CONTRIBU-
6 TION AND EXPENDITURE REQUIREMENTS.—If a can-
7 didate who has been certified as a participating candidate
8 accepts a contribution or makes an expenditure that is
9 prohibited under section 521, the Commission shall assess
10 a civil penalty against the candidate in an amount that
11 is not more than 3 times the amount of the contribution
12 or expenditure. Any amounts collected under this sub-
13 section shall be deposited into the Grassroots Democracy
14 Fund established under section 541.

15 “(b) REPAYMENT FOR IMPROPER USE OF GRASS-
16 ROOTS DEMOCRACY FUND.—

17 “(1) IN GENERAL.—If the Commission deter-
18 mines that any payment made to a participating
19 candidate was not used as provided for in this title
20 or that a participating candidate has violated any of
21 the dates for remission of funds contained in this
22 title, the Commission shall so notify the candidate
23 and the candidate shall pay to the Fund an amount
24 equal to—

1 “(A) the amount of payments so used or
2 not remitted, as appropriate; and

3 “(B) interest on any such amounts (at a
4 rate determined by the Commission).

5 “(2) OTHER ACTION NOT PRECLUDED.—Any
6 action by the Commission in accordance with this
7 subsection shall not preclude enforcement pro-
8 ceedings by the Commission in accordance with sec-
9 tion 309(a), including a referral by the Commission
10 to the Attorney General in the case of an apparent
11 knowing and willful violation of this title.

12 **“SEC. 545. ELECTION CYCLE DEFINED.**

13 “In this title, the term ‘election cycle’ means, with
14 respect to an election for an office, the period beginning
15 on the day after the date of the most recent general elec-
16 tion for that office (or, if the general election resulted in
17 a runoff election, the date of the runoff election) and end-
18 ing on the date of the next general election for that office
19 (or, if the general election resulted in a runoff election,
20 the date of the runoff election).”.

1 **SEC. 202. PROHIBITING USE OF CONTRIBUTIONS BY PAR-**
 2 **TICIPATING CANDIDATES FOR PURPOSES**
 3 **OTHER THAN CAMPAIGN FOR ELECTION.**

4 Section 313 of the Federal Election Campaign Act
 5 of 1971 (2 U.S.C. 439a) is amended by adding at the end
 6 the following new subsection:

7 “(d) RESTRICTIONS ON PERMITTED USES OF FUNDS
 8 BY CANDIDATES RECEIVING GRASSROOTS DEMOCRACY
 9 FINANCING.—Notwithstanding paragraphs (2), (3), or (4)
 10 of subsection (a), if a candidate for election for the office
 11 of Representative in, or Delegate or Resident Commis-
 12 sioner to, the Congress is certified as a participating can-
 13 didate under title V with respect to the election, any con-
 14 tribution which the candidate is permitted to accept under
 15 such title may be used only for authorized expenditures
 16 in connection with the candidate’s campaign for such of-
 17 fice.”.

18 **TITLE III—OTHER**
 19 **ADMINISTRATIVE REFORMS**

20 **SEC. 301. EXPANDING REQUIREMENT TO DISCLOSE**
 21 **BUNDLERS WHO ARE REGISTERED LOBBY-**
 22 **ISTS TO ALL BUNDLERS.**

23 (a) EXPANDING BUNDLER DISCLOSURE REQUIRE-
 24 MENTS TO ALL BUNDLERS.—Section 304(i)(1) of the
 25 Federal Election Campaign Act of 1971 (2 U.S.C.

1 434(i)(1)) is amended by striking “reasonably known by
2 the committee to be a person described in paragraph (7)”.

3 (b) CONFORMING AMENDMENTS.—Section 304(i) of
4 such Act (2 U.S.C. 434(i)) is amended—

5 (1) in paragraph (2)(C), by striking “described
6 in paragraph (7)”;

7 (2) in paragraph (3)(A), by striking “a person
8 described in paragraph (7)” and inserting “any per-
9 son”;

10 (3) in paragraph (5)—

11 (A) by striking subparagraph (B) and re-
12 designating subparagraphs (C) and (D) as sub-
13 paragraphs (B) and (C),

14 (B) in subparagraph (B) (as so redesign-
15 ated), by striking “described in paragraph
16 (7)”, and

17 (C) in subparagraph (C) (as so redesign-
18 ated), by striking “by persons described in
19 paragraph (7)”;

20 (4) by striking paragraph (7) and redesignating
21 paragraph (8) as paragraph (7); and

22 (5) in paragraph (7)(A) (as so redesignated), by
23 striking “a person described in paragraph (7),” and
24 inserting “a person,”.

1 **SEC. 302. EXPANSION OF PERIOD FOR TREATMENT OF**
2 **COMMUNICATIONS AS ELECTIONEERING**
3 **COMMUNICATIONS.**

4 (a) EXPANSION OF PERIOD COVERING GENERAL
5 ELECTION.—Section 304(f)(3)(A)(I)(II)(aa) of the Fed-
6 eral Election Campaign Act of 1971 (2 U.S.C.
7 434(f)(3)(A)(I)(II)(aa)) is amended by striking “60 days”
8 and inserting “120 days”.

9 (b) EFFECTIVE DATE; TRANSITION FOR COMMU-
10 NICATIONS MADE PRIOR TO ENACTMENT.—The amend-
11 ment made by subsection (a) shall apply with respect to
12 communications made on or after the date of the enact-
13 ment of this Act, without regard to whether or not the
14 Federal Election Commission has promulgated regulations
15 to carry out such amendments, except that no communica-
16 tion which is made prior to the date of the enactment of
17 this Act shall be treated as an electioneering communica-
18 tion under section 304(f)(3)(A)(I)(II) of the Federal Elec-
19 tion Campaign Act of 1971 (as amended by subsection
20 (a)) unless the communication would be treated as an elec-
21 tioneering communication under such section if the
22 amendment made by subsection (a) did not apply.

23 **SEC. 303. USER FEES FOR COMMITTEES AND BUNDLERS.**

24 (a) POLITICAL COMMITTEES.—Section 303 of the
25 Federal Election Campaign Act of 1971 (2 U.S.C. 433)

1 is amended by adding at the end the following new sub-
2 section:

3 “(e) USER FEE.—

4 “(1) PAYMENT.—At the time a political com-
5 mittee files the statement of organization required
6 under subsection (a), and annually thereafter until
7 the termination of the committee, the committee
8 shall pay a user fee to the Commission in an amount
9 equal to \$100.

10 “(2) EXCEPTION FOR CANDIDATE COMMIT-
11 TEES.—Paragraph (1) does not apply in the case of
12 a political committee which is an authorized com-
13 mittee of a candidate.

14 “(3) USE OF FUNDS.—The amounts received by
15 the Commission under this subsection shall be used
16 to support the administration of the Grassroots De-
17 mocracy Advisory Commission under section 542.”.

18 (b) BUNDLERS.—Title III of such Act (2 U.S.C. 431
19 et seq.) is amended by inserting after section 303 the fol-
20 lowing new section:

21 “USER FEES FOR BUNDLERS OF CONTRIBUTIONS

22 “SEC. 303A. (a) USER FEE REQUIRED.—A person
23 may not provide a bundled contribution to a political com-
24 mittee during a year unless the person has paid a user
25 fee to the Commission during the year in an amount equal
26 to \$100.

1 “(b) USE OF FUNDS.—The amounts received by the
2 Commission under this subsection shall be used to support
3 the administration of the Grassroots Democracy Advisory
4 Commission under section 542.

5 “(c) BUNDLED CONTRIBUTION DEFINED.—In this
6 section, the term ‘bundled contribution’ has the meaning
7 given such term in section 304(i)(7).”.

8 **SEC. 304. PETITION FOR CERTIORARI.**

9 Section 307(a)(6) of the Federal Election Campaign
10 Act of 1971 (2 U.S.C. 437d(a)(6)) is amended by insert-
11 ing “(including a proceeding before the Supreme Court on
12 certiorari)” after “appeal”.

13 **SEC. 305. FILING BY ALL CANDIDATES WITH COMMISSION.**

14 Section 302(g) of the Federal Election Campaign Act
15 of 1971 (2 U.S.C. 432(g)) is amended to read as follows:

16 “(g) FILING WITH THE COMMISSION.—All designa-
17 tions, statements, and reports required to be filed under
18 this Act shall be filed with the Commission.”.

19 **SEC. 306. ELECTRONIC FILING OF FEC REPORTS.**

20 Section 304(a)(11) of the Federal Election Campaign
21 Act of 1971 (2 U.S.C. 434(a)(11)) is amended—

22 (1) in subparagraph (A), by striking “under
23 this Act—” and all that follows and inserting
24 “under this Act shall be required to maintain and

1 file such designation, statement, or report in elec-
2 tronic form accessible by computers.”;

3 (2) in subparagraph (B), by striking “48
4 hours” and all that follows through “filed electroni-
5 cally)” and inserting “24 hours”; and

6 (3) by striking subparagraph (D).

7 **SEC. 307. EFFECTIVE DATE.**

8 Except as provided in section 302(b), the amend-
9 ments made by this title shall apply with respect to reports
10 filed on or after the date of the enactment of this Act.

11 **TITLE IV—OFFSETS**

12 **SEC. 401. REFORM OF TAX RULES RELATED TO POLITICAL**
13 **ORGANIZATIONS.**

14 (a) DECOUPLING OF RATE OF TAX ON POLITICAL
15 ORGANIZATIONS FROM CORPORATE TAX RATE.—Sub-
16 section (b) of section 527 of the Internal Revenue Code
17 of 1986 is amended—

18 (1) by striking all that precedes “A tax is here-
19 by imposed” and inserting the following:

20 “(b) TAX IMPOSED.—”,

21 (2) by striking paragraph (2), and

22 (3) by striking “the highest rate of tax specified
23 in section 11(b)” and inserting “35 percent”.

1 (b) REPEAL OF EXEMPTIONS FOR PROCEEDS FROM
2 MERCHANDISE AND ENTERTAINMENT EVENTS.—Para-
3 graph (3) of section 527(e) of such Code is amended—

4 (1) by adding “or” at the end of subparagraph
5 (A),

6 (2) by striking the comma at the end of sub-
7 paragraph (B) and inserting a period, and

8 (3) by striking subparagraphs (C) and (D).

9 (c) MODIFICATION OF LIMITATION ON TAX PAID BY
10 CHARITABLE ORGANIZATIONS ENGAGED IN EXEMPT
11 FUNCTIONS.—Paragraph (1) of section 527(f) of such
12 Code is amended by striking “equal to the lesser of—”
13 and all that follows and inserting “equal to the aggregate
14 amount so expended during the taxable year for such an
15 exempt function. If such aggregate amount does not ex-
16 ceed \$500,000, the amount included in gross income
17 under the preceding sentence shall not exceed the net in-
18 vestment income of such organization for the taxable
19 year.”.

20 (d) REPEAL OF GRADUATED RATES FOR PRINCIPAL
21 CAMPAIGN COMMITTEES.—Section 527 of such Code is
22 amended by striking subsection (h).

23 (e) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to taxable years beginning after
25 the date of the enactment of this Act.

1 **SEC. 402. VOLUNTARY CONTRIBUTIONS TO THE GRASS-**
2 **ROOTS DEMOCRACY FUND.**

3 (a) IN GENERAL.—Subchapter A of chapter 61 of the
4 Internal Revenue Code of 1986 is amended by adding at
5 the end the following new part:

6 **“PART IX—CONTRIBUTIONS TO GRASSROOTS**
7 **DEMOCRACY FUND**

“Sec. 6098. Contributions to Grassroots Democracy Fund.

8 **“SEC. 6098. CONTRIBUTIONS TO GRASSROOTS DEMOCRACY**
9 **FUND.**

10 “(a) IN GENERAL.—Every individual, with respect to
11 the taxpayer’s return for the taxable year of the tax im-
12 posed by chapter 1, may designate that a specified portion
13 (not less than \$1) of any overpayment of tax shall be con-
14 tributed to the Grassroots Democracy Fund established
15 under section 541 of the Federal Election Campaign Act
16 of 1971.

17 “(b) MANNER AND TIME OF DESIGNATION.—

18 “(1) TIME OF DESIGNATION.—A designation
19 under subsection (a) may be made with respect to
20 any taxable year—

21 “(A) at the time of filing the return of the
22 tax imposed by chapter 1 for such taxable year,
23 or

1 “(B) at any other time (after such time of
2 filing) specified in regulations prescribed by the
3 Secretary.

4 “(2) MANNER OF DESIGNATION.—Such des-
5 ignation shall be made in such manner as the Sec-
6 retary prescribes by regulations except that, if such
7 designation is made at the time of filing the return
8 of the tax imposed by chapter 1 for such taxable
9 year, such designation shall be made either on the
10 first page of the return or on the page bearing the
11 taxpayer’s signature.

12 “(c) OVERPAYMENTS TREATED AS REFUNDED.—For
13 purposes of this title, any portion of an overpayment of
14 tax designated under subsection (a) shall be treated as—

15 “(1) being refunded to the taxpayer as of the
16 last date prescribed for filing the return of tax im-
17 posed by chapter 1 (determined without regard to
18 extensions) or, if later, the date the return is filed,
19 and

20 “(2) a contribution made by such taxpayer on
21 such date to the United States.

22 “(d) ONLINE CONTRIBUTIONS.—The Secretary shall
23 establish and maintain a website through which persons
24 may make contributions to the Grassroots Democracy
25 Fund. Any such contribution shall not be treated as an

1 overpayment of tax but shall be treated as a contribution
2 made by such person to the United States.”.

3 (b) CLERICAL AMENDMENT.—The table of parts for
4 subchapter A of chapter 61 of the Internal Revenue Code
5 of 1986 is amended by adding at the end the following
6 new item:

7 **“PART IX—CONTRIBUTIONS TO GRASSROOTS**
8 **DEMOCRACY FUND”.**

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 the date of the enactment of this Act.

12 **TITLE V—EXPANDING CANDI-**
13 **DIDATE ACCESS TO ADVER-**
14 **TISING**

15 **SEC. 501. BROADCASTS BY OR ON BEHALF OF CANDIDATES.**

16 (a) USE OF BROADCASTING STATION AT LOWEST
17 UNIT CHARGE.—Section 315(b) of the Communications
18 Act of 1934 (47 U.S.C. 315(b)) is amended—

19 (1) in paragraph (1)—

20 (A) in the matter preceding subparagraph
21 (A), by inserting “, or by a national committee
22 of a political party in connection with such a
23 campaign of such a candidate who is affiliated
24 with the party,” after “to such office”;

1 (B) in subparagraph (A), by inserting “for
2 preemptible use thereof” after “station”; and

3 (C) by moving subparagraphs (A) and (B)
4 2 ems to the right; and

5 (2) in paragraph (2)—

6 (A) in subparagraph (A)—

7 (i) by striking “IN GENERAL.—” and
8 inserting “CERTIFICATION.—”;

9 (ii) by striking “the broadcast sta-
10 tion” and inserting “such station”;

11 (iii) by striking “In the case of” and
12 inserting the following:

13 “(i) BY CANDIDATES.—In the case
14 of”; and

15 (iv) by adding at the end the fol-
16 lowing:

17 “(ii) BY PARTY NATIONAL COMMIT-
18 TEES.—In the case of the use of any
19 broadcasting station by a national com-
20 mittee of a political party in connection
21 with the campaign of a candidate for Fed-
22 eral office who is affiliated with the party,
23 such committee shall not be entitled to re-
24 ceive the rate under paragraph (1)(A) for
25 such use unless such committee provides

1 written certification to such station that
2 such committee shall not make any direct
3 reference to another candidate for the
4 same office, in any broadcast using the
5 rights and conditions of access under this
6 Act, unless such reference meets the re-
7 quirements of subparagraph (C) or (D).”;
8 (B) in subparagraph (B)—

9 (i) by striking “subparagraph (A)”
10 and inserting “subparagraph (A)(i)”;

11 (ii) by striking “If a candidate” and
12 inserting the following:

13 “(i) FOR CANDIDATES.—If a can-
14 didate”; and

15 (iii) by adding at the end the fol-
16 lowing:

17 “(ii) FOR PARTY NATIONAL COMMIT-
18 TEES.—If the national committee of a po-
19 litical party makes a reference described in
20 subparagraph (A)(ii) in any broadcast that
21 does not meet the requirements of sub-
22 paragraph (C) or (D), such national com-
23 mittee shall not be entitled to receive the
24 rate under paragraph (1)(A) for such
25 broadcast or any other broadcast in con-

1 nection with the campaign of the candidate
2 during any portion of the 45-day and 60-
3 day periods described in paragraph (1)(A),
4 that occur on or after the date of such
5 broadcast.”;

6 (C) in subparagraph (C)—

7 (i) by striking “A candidate” and in-
8 serting “A television broadcast”;

9 (ii) by striking “, in the case of a tele-
10 vision broadcast,”; and

11 (iii) in clause (ii), by inserting “or the
12 national committee of a political party”
13 after “authorized committee”;

14 (D) in subparagraph (D)—

15 (i) by striking “A candidate” and in-
16 serting “A radio broadcast”; and

17 (ii) by striking “, in the case of a
18 radio broadcast,”; and

19 (E) in subparagraph (E), by inserting “or
20 national committee” after “candidate”.

21 (b) PREEMPTION; AUDITS.—Section 315 of the Com-
22 munications Act of 1934 (47 U.S.C. 315) is amended—

23 (1) by redesignating subsection (c) as sub-
24 section (g);

1 (2) by redesignating subsection (d) as sub-
2 section (f); and

3 (3) by inserting after subsection (b) the fol-
4 lowing:

5 “(c) PREEMPTION.—

6 “(1) IN GENERAL.—Except as provided in para-
7 graph (2) and notwithstanding the requirements of
8 subsection (b)(1)(A), a licensee may not preempt the
9 use of a broadcasting station by a legally qualified
10 candidate or national committee of a political party
11 that has purchased and paid for such use under cir-
12 cumstances entitling such candidate or committee to
13 receive the rate under such subsection for such use.

14 “(2) CIRCUMSTANCES BEYOND CONTROL OF LI-
15 CENSEE.—If a program to be broadcast by a broad-
16 casting station is preempted because of cir-
17 cumstances beyond the control of the licensee, an
18 advertisement that is scheduled to be broadcast dur-
19 ing such program and the broadcast of which con-
20 stitutes use of the broadcasting station described in
21 paragraph (1) shall be treated in the same fashion
22 as a comparable commercial advertisement.

23 “(d) AUDITS.—During the 45-day period preceding
24 the date of a primary or primary runoff election and dur-
25 ing the 60-day period preceding the date of a general elec-

1 tion or special election, the Commission shall conduct such
2 audits as it considers necessary to ensure that the licensee
3 of each broadcasting station is allocating use of the station
4 in accordance with this section and in a manner that does
5 not warrant revocation of the station license under section
6 312(a)(7).”.

7 (c) REVOCATION OF LICENSE FOR FAILURE TO PER-
8 MIT ACCESS BY FEDERAL CANDIDATES.—Section 312 of
9 the Communications Act of 1934 (47 U.S.C. 312) is
10 amended—

11 (1) in subsection (a)(7)—

12 (A) by inserting “in accordance with sub-
13 section (h),” before “for willful”;

14 (B) by striking “or repeated”;

15 (C) by inserting “or a cable system” after
16 “non-commercial educational broadcast sta-
17 tion,”; and

18 (D) by striking “his candidacy” and insert-
19 ing “the candidacy of the candidate, or by a na-
20 tional committee of a political party in connec-
21 tion with the campaign of a legally qualified
22 candidate for Federal elective office who is af-
23 filiated with the party, under the same terms,
24 conditions, and business practices as apply to

1 the most-favored advertiser of the broadcasting
2 station or cable system”; and

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

4 “(h) CONDITIONS FOR REVOCATION FOR FAILURE
5 TO ALLOW ACCESS BY FEDERAL CANDIDATES.—

6 “(1) THREE-STRIKES RULE.—The Commission
7 may revoke a station license or construction permit
8 under subsection (a)(7) only if the Commission finds
9 that the licensee or permittee has engaged in at least
10 3 failures described in such subsection with respect
11 to the broadcasting station or cable system to which
12 the license or permit relates.

13 “(2) DURATION.—In the case of a person
14 whose station license or construction permit with re-
15 spect to a broadcasting station or cable system has
16 been revoked under subsection (a)(7)—

17 “(A) the Commission may not grant a sta-
18 tion license or construction permit to such per-
19 son with respect to such broadcasting station or
20 cable system during the 5-year period following
21 the revocation; and

22 “(B) if the Commission grants such a sta-
23 tion license or construction permit to such per-
24 son after such 5-year period, the number of
25 failures described in subsection (a)(7) shall be

1 calculated for purposes of paragraph (1) with-
2 out regard to any such failures that occurred
3 while a previous license or permit was in ef-
4 fect.”.

5 (d) CONFORMING AMENDMENTS.—Section 315 of the
6 Communications Act of 1934, as amended by subsection
7 (b), is further amended—

8 (1) in subsection (a), by striking “If any li-
9 censee” and inserting “EQUAL OPPORTUNITIES FOR
10 CANDIDATES FOR SAME OFFICE.—If any licensee”;

11 (2) in subsection (f), as redesignated, by strik-
12 ing “The Commission” and inserting “REGULA-
13 TIONS.—The Commission”; and

14 (3) in subsection (g), as redesignated, by strik-
15 ing “For purposes” and inserting “DEFINITIONS.—
16 For purposes”.

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