

105TH CONGRESS  
1ST SESSION

# H. R. 2573

To amend the Federal Election Campaign Act of 1971 to require that a majority of the funds raised by a candidate for election to the Senate or the House of Representatives come from individuals residing in the State the candidate seeks to represent, to require labor organizations to provide their members with information on the use of member dues for political purposes, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 1997

Mr. HAYWORTH introduced the following bill; which was referred to the Committee on House Oversight

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## A BILL

To amend the Federal Election Campaign Act of 1971 to require that a majority of the funds raised by a candidate for election to the Senate or the House of Representatives come from individuals residing in the State the candidate seeks to represent, to require labor organizations to provide their members with information on the use of member dues for political purposes, 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.**

2 This Act may be cited as the “Election Reform in  
3 Campaigns Act”.

4 **SEC. 2. REQUIRING MAJORITY OF HOUSE OF REPRESENTA-**  
5 **TIVES CANDIDATE FUNDS TO COME FROM IN-**  
6 **DIVIDUALS RESIDING IN DISTRICT.**

7 Section 315 of the Federal Election Campaign Act  
8 of 1971 (2 U.S.C. 441a) is amended by adding at the end  
9 the following new subsection:

10 “(i) A candidate for the office of Senator or the office  
11 of Representative in, or Delegate or Resident Commis-  
12 sioner to, the Congress may not accept contributions with  
13 respect to an election cycle from persons other than indi-  
14 viduals who reside in the State involved in excess of the  
15 total of contributions accepted from individuals who reside  
16 in the State involved.”.

17 **SEC. 3. WORKER RIGHT TO KNOW.**

18 (a) CONTRIBUTIONS OF LABOR ORGANIZATIONS TO  
19 ALL POLITICAL COMMITTEES INCLUDED.—Paragraph (2)  
20 of section 316(b) of the Federal Election Campaign Act  
21 of 1971 (2 U.S.C. 441b(b)(2)) is amended by inserting  
22 “political committee,” after “campaign committee,”.

23 (b) APPLICABILITY OF REQUIREMENTS TO LABOR  
24 ORGANIZATIONS.—Section 316(b) of such Act (2 U.S.C.  
25 441b(b)) is amended by adding at the end the following  
26 new paragraph:

1       “(8)(A) Subparagraphs (A), (B), and (C) of para-  
2 graph (2) shall not apply to a labor organization unless  
3 the organization meets the requirements of subparagraphs  
4 (B), (C), and (D).

5       “(B) The requirements of this subparagraph are met  
6 only if the labor organization provides, at least once annu-  
7 ally, to all employees within the labor organization’s bar-  
8 gaining unit or units (and to new employees within 30  
9 days after commencement of their employment) written  
10 notification presented in a manner to inform any such em-  
11 ployee—

12               “(i) that an employee cannot be obligated to  
13 pay, through union dues or any other mandatory  
14 payment to a labor organization, for the political ac-  
15 tivities of the labor organization, including, but not  
16 limited to, the maintenance and operation of, or so-  
17 licitation of contributions to, a political committee,  
18 political communications to members, and voter reg-  
19 istration and get-out-the-vote campaigns;

20               “(ii) that no employee may be required actually  
21 to join any labor organization, but if a collective bar-  
22 gaining agreement covering an employee purports to  
23 require membership or payment of dues or other  
24 fees to a labor organization as a condition of em-

1       employment, the employee may elect instead to pay an  
2       agency fee to the labor organization;

3               “(iii) that the amount of the agency fee shall be  
4       limited to the employee’s pro rata share of the cost  
5       of the labor organization’s exclusive representation  
6       services to the employee’s collective bargaining unit,  
7       including collective bargaining, contract administra-  
8       tion, and grievance adjustment;

9               “(iv) that an employee who elects to be a full  
10       member of the labor organization and pay member-  
11       ship dues is entitled to a reduction of those dues by  
12       the employee’s pro rata share of the total spending  
13       by the labor organization for political activities;

14               “(v) that the cost of the labor organization’s ex-  
15       clusive representation services, and the amount of  
16       spending by such organization for political activities,  
17       shall be computed on the basis of such cost and  
18       spending for the immediately preceding fiscal year of  
19       such organization; and

20               “(vi) of the amount of the labor organization’s  
21       full membership dues, initiation fees, and assess-  
22       ments for the current year; the amount of the re-  
23       duced membership dues, subtracting the employee’s  
24       pro rata share of the organization’s spending for po-

1        litical activities, for the current year; and the  
2        amount of the agency fee for the current year.

3        “(C) The requirements of this subparagraph are met  
4        only if the labor organization provides all represented em-  
5        ployees an annual examination by an independent certified  
6        public accountant of financial statements supplied by such  
7        organization which attests that the expenditures which the  
8        union claimed it made for certain expenses were actually  
9        made for those expenses. Such examination shall be con-  
10       ducted in accordance with generally accepted auditing  
11       standards.

12       “(D) The requirements of this subparagraph are met  
13       only if the labor organization—

14                “(i) maintains procedures to promptly deter-  
15       mine the costs that may properly be charged to  
16       agency fee payors as costs of exclusive representa-  
17       tion, and explains such procedures in the written no-  
18       tification required under subparagraph (B); and

19                “(ii) if any person challenges the costs which  
20       may be properly charged as costs of exclusive rep-  
21       resentation—

22                “(I) provides a mutually selected impartial  
23       decisionmaker to hear and decide such chal-  
24       lenge pursuant to rules of discovery and evi-  
25       dence and subject to de novo review by the Na-

3 “(II) places in escrow amounts reasonably  
4 in dispute pending the outcome of the chal-  
5 lenge.

6       “(E)(i) A labor organization that does not satisfy the  
7 requirements of subparagraphs (B), (C), and (D) shall fi-  
8 nance any expenditures specified in subparagraphs (A),  
9 (B), or (C) of paragraph (2) only with funds legally col-  
10 lected under this Act for its separate segregated fund.

“(ii) For purposes of this paragraph, subparagraph (A) of paragraph (2) shall apply only with respect to communications expressly advocating the election or defeat of any clearly identified candidate for elective public office.”.

(c) **EFFECTIVE DATE.**—The amendments made by subsections (a) and (b) shall apply to contributions and expenditures made after the date of the enactment of this Act.

19 SEC. 4. PROMOTING DISCLOSURE OF INFORMATION ON  
20 CAMPAIGN SPENDING BY ELIMINATING  
21 THRESHOLDS FOR REPORTING.

22       Section 304 of the Federal Election Campaign Act  
23 of 1971 (2 U.S.C. 434) is amended—

(1) by striking “\$200” each place it appears in  
subsections (b)(3)(A), (b)(3)(F), (b)(3)(G),

1 (b)(5)(A), (b)(6)(A), (b)(6)(B)(iii), (b)(6)(B)(v), and  
 2 (c)(2)(C) and inserting “\$1”; and  
 3 (2) in subsection (c)(1), by striking “\$250” and  
 4 inserting “\$1”.

5 **SEC. 5. EQUALIZATION OF LIMITS ON CONTRIBUTIONS TO**  
 6 **CANDIDATES BY INDIVIDUALS AND PACS.**

7 Section 315(a) of the Federal Election Campaign Act  
 8 of 1971 (2 U.S.C. 441a(a)) is amended—

9 (1) in paragraph (1)(A), by striking “\$1,000”  
 10 and inserting “\$2,500”; and  
 11 (2) in paragraph (2)(A), by striking “\$5,000”  
 12 and inserting “\$2,500”.

13 **SEC. 6. INDEXING OF AMOUNT OF LIMITATION ON AGGRE-**  
 14 **GATE ANNUAL INDIVIDUAL CONTRIBUTIONS.**

15 Section 315(a)(3) of the Federal Election Campaign  
 16 Act of 1971 (2 U.S.C. 441a(a)(3)) is amended—

17 (1) by striking “(3)” and inserting “(3)(A)”;  
 18 and

19 (2) by adding at the end the following new sub-  
 20 paragraph:

21 “(B) For calendar years beginning with 1999, the  
 22 amount in effect under this paragraph shall be equal to  
 23 the amount in effect in the previous calendar year, in-  
 24 creased (in a compounded manner) by the percentage in-  
 25 crease in the price index (as defined in subsection (c)(2))

1 for the previous calendar year. In the case of any amount  
2 adjusted under this subparagraph which is not a multiple  
3 of \$100, the amount shall be rounded to the nearest high-  
4 est multiple of \$100.”.

5 **SEC. 7. REQUIRING FEC TO MAKE REPORTS AVAILABLE ON**  
6 **INTERNET WITHIN 48 HOURS OF RECEIPT.**

7 Section 311(a)(4) of the Federal Election Campaign  
8 Act of 1971 (2 U.S.C. 438(a)(4)) is amended by striking  
9 “make them available for public inspection,” and inserting  
10 “post them on the Internet and otherwise make them  
11 available for public inspection,”.

12 **SEC. 8. EFFECTIVE DATE.**

13 Except as otherwise provided, the amendments made  
14 by this Act shall apply with respect to election occurring  
15 after January 1999.

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