

in this case is meant broadly; if a federal candidate or office holder suggests that money be given to a committee or directs it there in anyway, then federal disclosure is mandated.

In short, this bill exempts from Section 527(j)'s contribution and expenditure reporting obligations only those groups that truly and legitimately engage in exclusively State and local activity and only when they already report to their State on all of the information the 527 law seeks. This latter condition is important not just because it precludes the hiding of federal activity, but also because we believe that even those groups involved in exclusively State and local elections should face some disclosure requirement if they are to take the federal benefit of tax exemption under Section 527.

Finally, the bill makes a small change to these State and local groups' obligation to file an annual information return when they do not have taxable income. Under the current law, they must file such returns when they have \$25,000 in annual receipts; the bill increases that trigger to \$100,000. Like all other 527 organizations, though, they still will have to file such returns if they have taxable income.

To help walk my colleagues through this bill, I am attaching at the end of my statement a section-by-section of the bill and ask unanimous consent that it be printed in the RECORD after my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. LIEBERMAN. Again, let me thank Senator HUTCHISON in particular for her efforts on this bill. I believe we have worked out a good compromise, one that grants relief where it is warranted, but does not in any way threaten to open up a loophole in the law. I thank her for that, and I yield the floor.

EXHIBIT 1

SECTION-BY-SECTION

Section 1 exempts State and local candidate and party committees from the requirement to notify the IRS of their Section 527 status (Form 8871) and makes that exemption retroactive to the date of the 2000 law's enactment.

Section 2 exempts qualified State or local PACs from the requirement to file reports with the IRS detailing their contributions and expenditures (Form 8872). It defines a qualified State or local political organization as one which: (a) focuses solely on State or local elections; (b) reports and discloses information about all of its sizable contributions and expenditures under State law; and (c) does not have a federal candidate or elective office holder playing any material role in the organization or raising money for it. The provision makes clear that an otherwise qualified exempt State or local PAC does not lose its exemption simply because there are certain variations between State and federal law with respect to reporting of contributor and expenditure information.

Sections 3(a)–(b) repeal certain changes the 2000 law made to the requirements governing the filing of tax returns (Form 1120) by political organizations. Although political organizations are exempt from taxation on most

of their income (such as contributions), certain income may be subject to federal tax. Prior to the 2000 law, only Section 527 groups with taxable income had to file the Form 1120. The 2000 law required most 527s to file the form, whether or not they had taxable income. Section 3(a) restores the pre-2000 law and puts 527s on a similar footing to other tax-exempt organizations with respect to the 1120 Form by requiring filing of the form only if the organization has taxable income. Section 3(b) restores the pre-2000 law by making clear that the tax returns of 527s with taxable income are confidential.

Section 3(c) exempts a number of organizations from the requirement to file the Form 990 annual information return. Exempt groups will now include State or local candidate and party committees, associations of State or local officials and groups filing with the FEC. The section also provides that qualified State and local PACs must file the 990 only if they have at least \$100,000 in annual gross receipts (other non-exempt groups must file the 990 if they have at least \$25,000 in annual gross receipts). Finally, the section directs the Treasury Secretary to adapt the 990 form, which was not developed for political organizations, to seek information relevant to the activities of Section 527 organizations.

Section 4 directs the Treasury Department to work with the FEC to publicize the 527 law's reporting requirements.

Section 5 authorizes the Treasury Secretary to waive amounts imposed for failing to file 8871 notices or 8872 reports if he concludes that the failure to file was due to reasonable cause and not willful neglect.

Sections 6(a), (b) and (d) modify existing law regarding noncompliance. Section 6(a) provides that organizations that fail to notify the IRS of their intent to claim Section 527 status will have all of their so-called exempt-function income subject to taxation, regardless of whether that income was segregated for use for an exempt function. Section 6(b) provides that the procedures used for collecting amounts imposed for failing to comply with the 8872 contributor/expenditure reporting requirement are akin to those used to collect penalties from tax-exempt organizations that fail to file the form 990 (this section affects the process of collection, not the amount collected). Section 6(d) makes clear that the tax code's existing criminal fraud penalties for anyone who willfully furnishes information to the IRS he knows is false or fraudulent also applies to 8871 and 8872 filings.

Sections 6(c), (e), (f) and (g) make changes to certain disclosure requirements. Section 6(c) streamlines the 8871 notice requirement by eliminating the need to file the notice in writing; only electronic reporting of the notice will remain. Section 6(c)(1) adds the date and purpose of expenditures and the date of contributions as required information on the Form 8872. Section 6(e)(2) mandates electronic filing of the 8872 contributor/expenditure reports, and Section 6(e)(3) requires that the IRS make information in those reports available to and searchable by the public on the Internet and downloadable to personal computers. Section 6(f) amends the 8871 notice to require filers to note whether they intend to claim an exemption from the 8872 contribution/expenditure reporting requirement or the form 990 annual return requirement. Finally, Section 6(g) requires organizations to file amended 8871 notices within 30 days of any material change of the information on the previous 8871.

Section 7 provides that forms already filed and made public by the IRS under current law will remain public after this bill becomes law. This provision is needed because many of the bill's exemptions are retro-

active, and without Section 7, the IRS could be found in violation of taxpayer confidentiality rules for posting filings that were public under the original law but will no longer be public after this bill's enactment.

Mr. REID. Mr. President, I ask unanimous consent that the bill be read the third time and passed, the motion to reconsider be laid upon the table, and that any statements related thereto be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 5596) was read the third time and passed.

AUTHORIZING REPRESENTATION BY SENATE LEGAL COUNSEL

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. Res. 352, submitted earlier today by Senators DASCHLE and LOTT.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 352) to authorize representation by the Senate Legal Counsel in the case of *Judicial Watch, Inc., v. William J. Clinton, et al.*

There being no objection, the Senate proceeded to consider the resolution.

Mr. DASCHLE. Mr. President, this resolution concerns a civil action commenced in the U.S. District Court for the District of Columbia against several current and former Members of the Senate and House of Representatives. The plaintiff, *Judicial Watch, Inc.*, is a legal watchdog group that has pursued numerous civil suits against the Government and its agencies and officials. In this case, *Judicial Watch* has sued former President Clinton and several current and former Members of the Senate and the House of Representatives, alleging that those officials conspired to pressure the Internal Revenue Service to initiate and continue an audit of *Judicial Watch* in retaliation for its activities.

The plaintiff in this case has named the current and former Senators as defendants in this suit based solely on the fact that these Senators sent routine transmittal letters to the IRS forwarding constituent correspondence inquiring why *Judicial Watch* was entitled to the benefits of tax-exempt status. Merely because of those routine buck letters, *Judicial Watch* alleges that those Senators entered into an unlawful conspiracy to pressure the IRS to continue to audit it in violation of its constitutional rights.

This resolution authorizes the Senate Legal Counsel to represent the Senate defendants in this action.

Mr. REID. Mr. President, I ask unanimous consent that the resolution and the preamble be agreed to; that the motion to reconsider be laid upon the table; and that any statements in relation thereto be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 352) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 352

Whereas, in the case of Judicial Watch, Inc. v. William J. Clinton, et al., No. 1:02-cv-01633 (EGS), pending in the United States District Court for the District of Columbia, the plaintiff has named as defendants current and former Senators, along with former President William J. Clinton and several Members of the House of Representatives;

Whereas, pursuant to sections 703(a) and 794(a)(1) of the Ethics in Government Act of 1978, 2 U.S.C. §§288b(a) and 288c(a)(1), the Senate may direct its counsel to defend Members of the Senate in civil actions relating to their official responsibilities: Now therefore, be it

Resolved, That the Senate Legal Counsel is authorized to represent Senator Graham, former Senator Bryan, former Senator Robb, and any other Senator who may be named as a defendant in the case of Judicial Watch, Inc. v. William J. Clinton, et al., and who requests representation by the Senate Legal Counsel.

AUTHORIZING TESTIMONY, DOCUMENT PRODUCTION, AND LEGAL REPRESENTATION

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. Res. 353.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 353) to authorize testimony, document production, and legal representation in *United States v. John Murtari*.

There being no objection, the Senate proceeded to consider the resolution.

Mr. DASCHLE. Mr. President, a Federal information in the Northern District of New York has been filed against an individual on four counts of refusing to follow lawful orders, obstructing a corridor, and trespass inside a Federal office building in Syracuse, NY. The charges arise from the refusal of the defendant to vacate the premises outside the office of Senator CLINTON, despite being directed to do so by Federal Protective Service personnel charged with maintaining security in the Federal building.

The U.S. Attorney has requested testimony at trial by an employee on the staff of Senator CLINTON who had contact with the defendant.

This resolution would authorize the Senate employee to testify and produce documents in this case with representation by the Senate Legal Counsel.

Mr. REID. Mr. President, I ask unanimous consent that the resolution and the preamble be agreed to; that the motion to reconsider be laid upon the table; and that any statements in relation thereto, be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 353) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 353

Whereas, in the case of *United States v. John Murtari*, Crim. Act. No. 02-CR-369, pending in the United States District Court for the Northern District of New York, testimony has been requested from Cathy Calhoun, an employee in the office of Senator Hillary Rodham Clinton;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§288b(a) and 288c(a)(2), the Senate may direct its counsel to represent employees of the Senate with respect to any subpoena, order, or request for testimony relating to their official responsibilities;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate may, by the judicial or administrative process, be taken from such control or possession but by permission of the Senate; and

Whereas, when it appears that evidence under the control or in the possession of the Senate may promote the administration of justice, the Senate will take such actions as will promote the ends of justice consistently with the privileges of the Senate: Now, therefore, be it

Resolved That Cathy Calhoun, and any other employee of the Senate from whom testimony or document production is required, are authorized to testify and produce documents in the case of *United States v. John Murtari*, except concerning matters for which a privilege should be asserted.

SEC. 2. The Senate Legal Counsel is authorized to represent employees of the Senate in connection with the testimony and document production authorized in section one of this resolution.

THANKING THE PRESIDING OFFICER AND STAFF

Mr. REID. Mr. President, we have, I am sure, a few other items to do before we close until later next month. I just want to say, first of all, the Presiding Officer is so available and I appreciate that very much. We all do. As I am sure everyone in this Chamber knows, it is difficult late at night to find people willing to preside, and the Senator from Minnesota, Mr. DAYTON, is always so courteous and willing to preside. I told him personally what an excellent job he does. Presiding is more than just being here. The Presiding Officer has to be firm and consistent, as he is.

Also, Mr. President, it took a lot to get to where we are tonight. I read through these items very quickly, but people work for days, weeks, and months on some of this legislation. As I read the titles, some may not seem too significant, but they are important, and we were able to pass them tonight.

Also, it is hard to describe to the viewing public how hard the staff works, without the attention we get, to get us to where we are. The staff certainly deserves more attention than they get. Anything that happens in the Senate, we take the credit, but we should give them some recognition. We would not be where we are without them.

To do all this takes a lot of people: the Official Reporters, those who are

experts on different legislation. Senators' staff have been waiting here for days, it seems, but it has only been hours, to see what happened to legislation on this final day before a somewhat long break. In addition we have the Parliamentarians, the legislative and Journal clerks, and all the various staff. The staff who are here tonight—Senators are going to go home at 10:25 p.m.—will be here for hours working on the RECORD, and other issues. We have the pages who are juniors in high school, but they are here with us doing what we ask them to do.

This is really a team effort. To all the security people, and the others, I express my personal appreciation for everything everybody does to allow us to get our work done.

The PRESIDING OFFICER. The Chair fully concurs.

ORDERS THROUGH NOVEMBER 12, 2002

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 10:30 a.m. on the following days for pro forma sessions only, unless the majority leader, or his designee, with the concurrence of the Republican leader, is seeking recognition; that upon completion of each session, the Senate adjourn until the next listed date:

October 21, October 24, October 28, October 31, November 4, November 7, and November 8. This is all in compliance with the United States Constitution. Further, that if the majority leader, or his designee, seeks recognition, the morning hour be deemed expired, the Journal of proceedings be approved to date, and the time for the two leaders be reserved for their use later in the day; that following the adjournment on November 8, the Senate reconvene on November 12 at 1 p.m.; that following the prayer and the pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved for their use later in the day, and that there be a period for the transaction of morning business, with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, again, thank you very much.

ADJOURNMENT UNTIL MONDAY, OCTOBER 21, 2002

Mr. REID. Mr. President, if the Chair has no further business, and I have nothing more, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 10:25 p.m., adjourned until Monday, October 21, 2002, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate October 17, 2002:

NATIONAL SCIENCE FOUNDATION

STEVEN C. BEERING, OF INDIANA, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE