

small renewable fuel producers. I also support many of the other provisions that increase energy efficiency and promote renewable fuels and alternative energy sources.

The energy tax title as written, however, will cost from \$15–20 billion dollars. The oil and gas incentive section would cost taxpayers \$6.5 billion and allows companies to deduct the costs of mineral exploration and marginal oil wells. The nuclear power incentives total \$1 billion, and the so-called “clean coal” incentive is \$2.2 billion. In addition to these credits to mature industries, the “non-conventional fuel credit” that supports the synfuels industry and coalbed methane industry would cost the taxpayers an additional \$2.5 billion. According to a *Time* magazine article entitled “The Great Energy Scam,” some plants merely spray newly mined coal with diesel fuel or pine-tar resin to qualify for the synfuel tax credit. We also need to consider the detrimental environmental impacts of these tax breaks. A proposed coalbed methane project in Wyoming, for example, could draw on 1 billion gallons of groundwater a day and would benefit from this provision.

I remain committed to supporting legislation to encourage alternative energy research and production. In terms of overall energy policy, I believe we must develop cleaner, more efficient energy sources and promote conservation. We need a comprehensive energy policy, but it must be balanced and fiscally responsible. I believe that we can meet these goals, but unfortunately, this energy tax title falls short of that goal. Therefore, I support the McCain amendment to strike it from the bill.

#### PROPOSED 90-DAY DELAY IN FEC RULEMAKING

Mr. MCCAIN. Mr. President, I am joined on the floor today by my good friend from Wisconsin, Senator FEINGOLD, to speak briefly about a recent recommendation by the general counsel of the Federal Election Commission, FEC, to delay the 527 rulemaking another 90 days. Additionally, we would like to express support for an excellent bipartisan proposal by two members of the FEC to resolve the issue of 527 groups spending illegal soft money to influence Federal elections. As my colleagues know, the problem of 527 groups raising and spending soft money has somehow become a very contentious and partisan issue. That is unfortunate, because it need not be, and the Toner/Thomas proposal proves the point.

As my colleagues know, the general counsel of the FEC made a recommendation yesterday to delay the 527 rulemaking which the commission is to rule on tomorrow. This is a terrible idea. There is simply no reason for the commission to continue fiddling while Rome burns. The commissioners need to decide the 527 issue to-

morrow, on schedule, without more pointless delays. Everyday, 527 groups whose purpose is to influence the presidential election are breaking the law. They are spending millions of dollars in soft money to influence Federal elections in plain violation of the Federal Election Campaign Act of 1974, which the commission has failed to enforce for a generation. And these groups are now using the FEC inaction to blow a hole in the soft money ban upheld by the Supreme Court.

In the middle of an election cycle, the FEC is considering taking a pass on the most critical issue on its plate. If they do, it will be just one more example of the agency's utter inability to enforce election law. My colleague, TRENT LOTT, recently said he was considering hearings on FEC reform, and if this absurd delay happens, I think we may be talking about hearings sooner rather than later. The FEC is responsible for the start of soft money in the first place. They must not get away with it again.

This is particularly galling because the main reason the general counsel office gives for its delay—the size and complexity of the rulemaking, and the possible impact on 501(c) organizations—is a canard. There is an excellent, bipartisan proposal on the table from Commissioners Toner and Thomas that would deal with the 527s in a simple, straightforward way. With their proposal, the commission has the perfect opportunity to prove they can uphold the election laws that were passed by Congress more than 25 years ago, signed by the President, and upheld by the Supreme Court. It may sound a little odd to be excited at the prospect of a Federal agency properly upholding existing law, but in the case of the FEC, it would be something of a new phenomenon.

There is absolutely nothing in the general counsel's rationale for delaying action here that justifies refusing to act now to fix the FEC's absurd allocation regulations that are being used to spend 98 percent soft money to influence the presidential election. The general counsel's recommendation provides no excuse for failing to act tomorrow on the portion of the Toner/Thomas proposal that would fix the allocation rules and correct the FEC's mistake in adopting them, a mistake made clear by the Supreme Court decision *McConnell v. FEC*. The only conclusion that can be reached if action to correct the allocation rules is rejected by the FEC is that the commission wants to protect and license the illegal use by 527 groups of soft money to finance partisan voter mobilization efforts to influence the 2004 presidential election.

The bipartisan proposal by Commissioner Michael Toner, a Republican, and Commissioner Scott Thomas, a Democrat provides a clear, effective and immediate solution to the soft money problems that have arisen with these 527 groups. The FEC is supposed

to meet tomorrow to consider this proposal, and I strongly urge them to adopt the proposal and seize this opportunity to enforce the law.

First, I note that their proposal would explicitly apply only to 527 political committees, and not to 501(c) non-profit groups, which should take care of the concerns of those in the non-profit community that the FEC would overreach, and affect their own important work. That is simply no longer an issue, and the commission can act tomorrow, rather than waiting around until a more convenient moment to enforce the law.

The Toner/Thomas proposal deals with what we believe to be the two main problems with the 527 groups. First, their plan would fix the commission's absurd allocation rules, which control the mix of soft and hard money these groups can spend. Under the current rules, 527s can simply claim that they're involved in both Federal and State elections, even though they're obviously and admittedly clearly working for the sole purpose of defeating or electing a presidential candidate. That claim, and the absurd FEC rules that currently exist, has led one such 527 group to use 98 percent soft money for their partisan vote mobilization activities to influence the presidential election and only 2 percent hard money. That is an obvious circumvention of the longstanding Federal Election Campaign Act, FECA, as well as the new ban on soft money in Federal elections, and a hole in the dike that absolutely must be plugged.

The Toner/Thomas plan would deal with this by simply requiring groups involved in partisan voter mobilization activities in Federal elections to use a minimum of 50 percent hard money to pay for those activities. That straightforward, easy to understand rule will have the effect of substantially limiting the amount of soft money a 527 group can use on these activities, and I believe it is an effective way to deal with the problem at this time.

The second issue the two commissioners' plan would address is the use of soft money by these 527 groups to run attack ads attacking and promoting presidential candidates. These groups are claiming that they are exempt from the normal Federal rules prohibiting the use of soft money to fund such ads because they are not political committees under FEC rules. In essence, these political organizations are claiming that as long as their ads do not use words like “vote for” or “vote against,” they can spend as much soft money as they please attacking and promoting Federal candidates.

That argument is simply absurd, even though the FEC's failure to properly enforce the law has allowed it to gain currency over the years. In order to qualify for their 527 tax status, these organizations have to meet the IRS test of being groups that are “organized and operated primarily” to influence elections. And under the Federal

Election Campaign Act, which has been around since 1974, groups that have a primary purpose of influencing Federal elections and raise or spend \$1,000 to do so have to register as political committees and comply with Federal campaign finance laws. 527 political groups have sprung up in this election with the clear and sole purpose of influencing the presidential election. Under existing laws and Supreme Court rulings these groups can run whatever ads they want—but they have to register as Federal political committees and they do have to abide by the same Federal campaign finance rules as all other political committees and candidates have to play by, and pay for those ads with hard money.

The Toner/Thomas proposal clears up this issue by correctly deeming any organization operating as a political group under section 527 of the tax code to have a “major purpose” of influencing Federal elections, unless the group falls within certain specified exemptions. This common-sense approach simply corrects the FEC failure to properly interpret the law in the past as it applies to 527 groups. It makes it clear that 527 political groups that have a major purpose to influence Federal elections and spend more than \$1,000 to influence a Federal election have to comply with Federal campaign finance rules, regardless of whether their communications contain express advocacy.

Again, we have a golden opportunity here to fix an emerging problem before it gets out of hand. The Commission should take this rare opportunity to show they can do their job in a bipartisan way. They should approve the Toner/Thomas proposal on Thursday.

Mr. FEINGOLD. Mr. President, like Senator MCCAIN, I see this rulemaking on 527s quite simply as a test of the FEC’s willingness to enforce the law. As we have noted many times, the Supreme Court in the *McConnell v. FEC* decision concluded that the FEC improperly interpreted federal election law and allowed the growth of the soft money loophole that made necessary our 7-year reform effort.

We have been watching the agency closely since the Bipartisan Campaign Reform Act was signed into law in March 2002, looking for signs that it will not repeat its past mistakes. For the most part, we have been sorely disappointed. The announcement yesterday that the FEC general counsel’s office wants the commission to delay action on the rulemaking for 90 days is the latest example of this agency’s failure to carry out its responsibilities.

It is important to remember that the issues the FEC has been considering recently arise not under the Bipartisan Campaign Reform Act that we passed a few short years ago, but rather under the Federal Election Campaign Act of 1974. The question of whether an organization is a political committee subject to the Federal election laws is sometimes a complicated question, but it is not a new one.

The McConnell decision made it clear that the FEC’s previous approach, which was to allow 527s to avoid registering as political committees if they didn’t use “express advocacy,” was wrong. The FEC needs to enforce the law so that groups whose major purpose is to influence Federal elections are subject to the Federal election laws.

I believe that when an organization tells the IRS that its primary purpose is to influence candidate elections in order to qualify for 527 status, it should not in most cases be able to turn around and tell the FEC that its major purpose is not to influence elections. To me, that just doesn’t make sense.

It is unfortunate that the FEC initially approached this issue in a way that frightened legislative advocacy groups into thinking that they might become political committees and have to completely change their fundraising and operations. It is also unfortunate that the nonprofit community in opposing the erroneous FEC proposals took the position that nothing should be done about 527s that are very much involved in election activities but are seeking to operate outside of the election laws.

Senator MCCAIN and I, working with Representatives SHAYS and MEEHAN, our reform partners in the House, filed comments with the FEC arguing that there are narrow and targeted things that the FEC should do to protect the integrity of the election laws, without affecting legitimate 501(c)s. A bipartisan proposal announced recently by Commissioners Michael Toner and Scott Thomas takes this approach.

The Toner-Thomas proposal addresses only 527 organizations. It does not change the regulations that apply to 501(c)s. In addition, the proposal would change the allocation rules that apply to 527s that have both a Federal and a nonfederal account. It simply cannot be a correct interpretation of the law that an organization that has publicly declared that it will carry out partisan voter mobilization activities in battleground states this fall can use 98 percent soft money to pay for those activities. The Toner-Thomas proposal would require that at least half of the expenditures on these activities come from a hard money account. That certainly makes sense given that the groups themselves proclaim that their purpose is to influence the presidential election.

But now, the FEC’s general counsel has proposed that the FEC delay its vote on the rulemaking for 90 days. This will only assure that the FEC will do nothing about 527s until after the 2004 elections. That is not an acceptable result. It is crucial that the FEC act now. It should adopt the Toner-Thomas proposal, but at the very least, it should modify the allocation rules applicable to 527s doing voter mobilization. There is absolutely no reason to postpone action on that issue.

I hope that some day it will not be a cause for celebration when the agency

charged with enforcing the election laws look like it might actually do its job. Unfortunately, the FEC has not been an effective agency, and this latest proposed delay only confirms that it may not be up to the task that Congress has given it. Senator MCCAIN and I have introduced legislation to replace the FEC with a very different regulatory agency. I was pleased to read this week that the chairman of the Rules Committee agrees that the Senate should take a very hard look at the FEC and consider legislation to fundamentally change it.

For now, however, we will be watching closely to see how the FEC deals with the challenge of the 527s. I once again commend the Senator from Arizona for his dedication to this cause.

#### HEALTH CARE AND THE UNINSURED

Mr. VOINOVICH. Mr. President, I rise to speak today about the dilemma this Nation is facing regarding access to quality, affordable health care. Next to the economy, it is the greatest domestic challenge facing our Nation. In fact, the rising cost of health care is a major part of what is hurting our competitiveness in the global marketplace.

Throughout my career in public service, health care has been one of my top legislative priorities. Unfortunately, despite increased spending on public and private health care programs, millions of Americans are without health care coverage. Although, my State of Ohio has one of the lowest percentages of uninsured.

The statistics are overwhelming. For the fourth year in a row, health care spending grew faster than the rest of the U.S. economy in 2003. The average cost of family coverage was \$9,018, with employees covering 27 percent, or \$2,412, of the cost. During that same period of time, the average family’s contribution to their health insurance increased 16 percent.

Total spending on health care is now approximately \$1.6 trillion or \$5,440 for every man, woman and child in the United States, which translates into almost 15 percent of our GDP—the largest share ever.

If we look at this in an international context, the statistics become even more glaring. Per capita health care spending in the United States continues to exceed other nations. In its May 2004 issue, “Health Affairs” reports that the Swiss spent only 68 percent as much as the United States per capita on health care in 2001. Even more troubling, Canada spent as little as 57 percent as much as the U.S. Both nations have a lower number of uninsured citizens than the United States.

Despite all the spending some 44 million Americans—15 percent of the population—had no health insurance at some point last year. This number has increased steadily. In 2000, that number