

UNDERGROUND CAMPAIGN
DISCLOSURE ACT

The SPEAKER pro tempore (Mr. RYAN of Wisconsin). Under the Speaker's announced policy of January 19, 1999, the gentleman from Texas (Mr. DOGGETT) is recognized during morning hour debates for 5 minutes.

Mr. DOGGETT. Mr. Speaker, there is a new, rather innocuous-sounding term that embodies much of what is wrong with our campaign finance system in America today. It is called the "527". It is not a bird; it is not a plane; but it is the Superman, the super weapon, of choice for American politics in this election year.

With unlimited amounts of hidden campaign money, 527 organizations are filling our airwaves with hate and our mailboxes with misinformation. 527 simply refers to section 527 of the Internal Revenue Code. It was actually enacted back in the Watergate era to respond to abuses at that time. But now it is as if we have been revisited by the ghost of Nixon and all the wrongdoing of the Committee for the Re-election of the President, better known as CREEP.

Roll Call first reported on this phenomenon last fall; and with a clever and somewhat humorous cartoon, as shown on this blowup, it referred to "Introducing the New 527 Loophole Airbus."

Since the exploitation of Section 527 apparently originated with Newt Gingrich's GOPAC, the tail section is marked "GOP issue ads." There is reference to anonymous, unlimited political contributions and the wing sections of this pig of a plane flying over and polluting the Capitol have the initials of the committees that have been formed by TOM DELAY and J.C. WATTS. These clandestine groups plan to gorge themselves on millions of secret dollars to promote their partisan agenda with unidentified contributors.

There is not anything funny about the pollution of our political process that 527's produce, and as in any struggle neither will they be limited to one party or philosophy.

Today, together with over 100 Members of this House, I am filing the Underground Campaign Disclosure Act to require that these groups file with IRS an initial identifying statement of organization, as well as periodic contribution and expenditure reports similar to and with the same frequency as the filings all candidates already file with the Federal Election Commission.

This information must be made public, including promptly over the Internet. 527's would be subject to the same penalties that already apply for non-compliance already applicable to other tax-exempt organizations.

Unlike most Americans, who are struggling along right now preparing for April 15, these secret 527 organizations usually escape tax free, paying neither Federal income nor gift taxes. Because those American taxpayers, who are out there getting their returns

filed and paid, are essentially subsidizing these 527 loophole organizations, I believe that all of us have a right to know what these clandestine groups are doing, who is giving and how their money is spent.

This legislation that I am introducing would implement the recommendations of the nonpartisan Congressional Joint Committee on Taxation, which only recently concluded that "the special status accorded [these 527's] under present law justifies this public disclosure."

Under my legislation, when the attack ads hit the airwaves, we can at least identify the attackers.

Though my home State of Texas has the most polluted city in America, a Texas-based Republican 527 group ran attack ads in New York against Senator McCAIN about air pollution.

Drug manufacturers, who have insisted on discriminating against uninsured seniors by charging them over twice as much as their most favored customers on needed prescriptions, have founded a Republican-friendly group that has mislabeled itself "Citizens for Better Medicare." This 527 is committed to spending over \$30 million this year to block reform, and, indeed, it has already run attack ads against some of the very people who are trying to change the law to help seniors on their prescriptions.

For another clandestine political committee, brand new one, here is a blowup of its Web page. It is called "Shape the Debate." How is it going to shape the debate? As its Web page says: by engaging in issue advocacy. It seeks "contributions in unlimited amounts." The contributions can be "from any source," including directly out of the corporate treasury, and we are told that these corporate contributions and other political contributions will never be a matter of public record. They will "not be reported to the Federal Election Commission, nor to any State agency."

I believe that we need a bipartisan effort to address the growing 527 plague. On his web page, George W. Bush indicates he favors "near-instant disclosure of names of contributors on the Internet." I have invited all my colleagues to join in approving this bill. Let's close the growing 527 loophole.

KICKING OFF 30TH ANNIVERSARY
OF EARTH DAY/EARTH MONTH

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized during morning hour debates for 5 minutes.

Mr. PALLONE. Mr. Speaker, today we are kicking off the celebration of the 30th anniversary of Earth Day. This year we are celebrating April as Earth Month, with April 22 as the day that is actually Earth Day. The theme of Earth Day this year is the problem of global climate change and clean en-

ergy solutions. Here at home, Mr. Speaker, in the United States, the House Democrats are working to ensure our Nation's long-term energy security while encouraging growth in our economy. We are working to reduce our reliance on fossil fuels and gas guzzling vehicles, increase energy conservation and protect our domestic and global environment.

I should add that the threats of climate change are very real. The past decade has seen some of the largest temperature increases on record. The impacts of climate change could include more extreme weather events, sea level rise, erosion, changes in rainfall patterns, increases in disease epidemics, and changes in agricultural production. And even if we act now, it will take many years to reverse the trend of increasing atmospheric concentrations of greenhouse gases.

Democrats, Mr. Speaker, in the House are trying to be practical. We are supporting measures in the administration's budget proposal that would promote energy efficient and renewable energy technologies in the United States and abroad, and that would reduce emissions that harm people's health and degrade our natural resources. We are also working with other nations to promote the development and export of U.S. clean-energy technologies and reduce emissions in developing nations.

For example, Mr. Speaker, I just returned from India with the President, which is one of the world's largest contributors to global greenhouse gas emissions. I am encouraged, however, because the U.S. and India signed a landmark agreement while the President was there to promote cooperation in the areas of clean energy and climate change in ways that will help India's economy grow in an environmentally sustainable manner. This will reduce air pollution, diminish health risks and preserve India's ecosystems and natural beauty.

As part of this agreement that was signed in India, the Confederation of Indian Industries and the U.S. Energy Association have launched a green business center to foster business development in one of India's most high-tech regions on a more sustainable path. The United States will help India use less energy and improve its environmental quality, and India will not sacrifice its economic growth. In fact, its local businesses will conserve energy and improve their bottom lines.

One of the utilities in my home State of New Jersey, Public Service Electric and Gas, is on the verge of signing a public/private partnership with the Indian government to promote clean-energy technologies and help India avoid the pollution we experienced alongside our industrial development here in the United States.

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Mr. Speaker, I look forward to working with my colleagues in the business

and environmental communities, Members of Congress, the administration, and our colleagues in India to reduce the threat of global climate change, to develop alternative forms of energy for the industrial, transportation, building and utility sectors, and to better protect our environment for the current and future generations.

To this end, I pledge to work here at home to pass environmentally-sound legislation and budgetary items, and prevent passage of harmful antienvironmental riders. Abroad, we will work cooperatively and collectively to reduce threats to our global environment.

As we celebrate today and through the rest of this month of April the 30th anniversary of Earth Day, I would urge my colleagues on both sides of the aisle to make a similar commitment and join me in protecting our environment and energy security to the next 30 years.

Mr. DOGGETT. Mr. Speaker, will the gentleman yield?

Mr. PALLONE. I yield to the gentleman from Texas.

Mr. DOGGETT. Mr. Speaker, since the gentleman from New Jersey raised these important environmental issues, I know he has been a spokesperson, a very effective advocate for the environment for some years. At some times on that and some of the health care issues, it puts him in a position that has been adverse to the insurance lobby.

I am wondering if the gentleman from New Jersey is familiar with the 527 clandestine political organizations and if they played any role in New Jersey politics, in political pollution because of the gentleman's fight against environmental pollution.

Mr. PALLONE. Mr. Speaker, let me say I agree 100 percent with what my colleagues said about these corporations and this tax loophole. Back in November of 1998, I was hit the last 2 weeks of the campaign with a \$5 million independent expenditure by a group like this that was obviously taking advantage of the fact that there was no disclosure under the campaign finance laws. We were able to determine that much of the money was from the insurance industry, particularly the HMOs, as well as we think from the prescription drug industry. But to this day I cannot verify that because the fact of the matter is there is no disclosure. I believe very strongly if we had disclosure along the lines of what the gentleman from Texas suggested, a lot of this veiled campaign money would not be spent.

Mr. DOGGETT. Mr. Speaker, they could put pretty names on their committee that appears in the mailers and on TV and attack you, however, without disclosing who gave them the dirty money.

DISCLOSURE OF 527 ORGANIZATIONS

The SPEAKER pro tempore (Mr. RYAN of Wisconsin). Under the Speaker's announced policy of January 19, 1999, the gentleman from Kansas (Mr. MOORE) is recognized during morning hour debates for 5 minutes.

Mr. MOORE. Mr. Speaker, I thank the gentleman from Texas (Mr. DOGGETT), who has taken a leadership role on the important issue of improved campaign finance disclosure. I am proud to be an original cosponsor of the proposal he discussed recently, and I hope it will quickly be approved by the Committee on Ways and Means.

Mr. Speaker, many Americans have lost faith in our political system. Routinely, half of those eligible to vote do not. People feel our political system is at best irrelevant and at worst shot full of corruption. Our country is better than that, and our people deserve better.

Last September, the House of Representatives overwhelmingly passed the Shays-Meehan bill, which would have dramatically reformed the campaign finance system. It would have rid our system of soft money and severely limited independent expenditures. But similar efforts died by a narrow majority in the Senate.

Though Shays-Meehan remains a necessary reform, a new type of political organization threatens the integrity of our campaign finance process, our electoral process. Known as 527s and named after the provision of the Tax Code under which they are created, these organizations contend they can accept unlimited funds and never disclose the names of donors, the amount of contributions, or how the money is spent.

This is possible because, while these groups qualify as political committees under the Tax Code, they are not subject to the jurisdiction of the Federal Election Commission. These organizations have caught the eye of many observers, not the least of which is the Joint Committee on Taxation.

When I was running for Congress, people told me how fed up they were with the system. Public cynicism and apathy eat away at voter participation and cause citizens to tune out of discussions of very serious issues. It has turned a whole generation of young people away from politics as a means of governance and social change.

Simply put, the current campaign laws alienate voters. I am hoping this legislation, or new legislation, I drafted will begin to restore public trust and will also take congressional seats off the 527 auction block.

This bill and my bill, called the Campaign Integrity Act of 2000, would require 527s to meet the disclosure and reporting requirements of the Federal Election Campaign Act. This proposal would rewrite the Internal Revenue Code section 527 definition of political organizations to require public disclosure of the names of contributors and

the sums contributed. Violations would result in the loss of the organization's tax exempt status.

This bill will not cure all of the ills of the campaign finance system but instead represents two very important and necessary goals. First, this act closes the 527 loophole and reestablishes in our country the principle that campaigns will be subject to scrutiny. Secondly, this bill requires and represents a reasonable political compromise that, in the absence of more comprehensive reform, gives Congress the opportunity to make upcoming elections more open, fair, and honest.

To those who cling to free speech, an argument against reform, this legislation would not impose limitations on contributions to 527s and, therefore, will not interfere in anybody's first amendment right. It would simply require full disclosure, forcing those who wish to exercise this type of expression to show their face just like everybody else has to do.

My colleagues and I are urging other Members and pro-reform organizations to join in this effort. It is high time that Congress shine light on 527s and tell special interest groups that the American people are our special interest.

Mr. DOGGETT. Mr. Speaker, will the gentleman yield?

Mr. MOORE. Certainly, I yield to the gentleman from Texas.

Mr. DOGGETT. Mr. Speaker, I want to thank the gentleman for his leadership. I know he has already done two articles on this. He has developed a legislative solution on this.

You mentioned our efforts during the last session to try to approve the McCain-Feingold bill, the Shays-Meehan bill, as we call it here in the House, major campaign reform.

Does the gentleman recall that there were those on the Republican side who opposed that legislation, saying that all we needed was to have instant disclosure, complete disclosure of campaign contributions and expenditures?

Mr. MOORE. I do recall that, Mr. Speaker.

Mr. DOGGETT. Mr. Speaker, are we not basically taking them up on their word, but saying let us apply it across the board, and let us include these new secret organizations, covert operations that are occurring as 527s? All we are asking is complete and instant disclosure in our legislative approach.

Mr. MOORE. Absolutely. Mr. Speaker, I just do not see how any reasonable person can say that full disclosure of the names of persons who contribute and the amounts contributed can in any way interfere with anybody's right to free speech or the other objectives they have. I think this is something that people in this country deserve.

Mr. DOGGETT. Mr. Speaker, I pulled up George W. Bush's campaign Web page; and he claims that he favors, "near instant disclosure of the names of contributors on the Internet." If our Republican colleagues would join with