

May 9, 2005

Dear Chairman Ney:

The undersigned organizations urge you to support H. R. 513, the “527 Reform Act of 2005,” sponsored by Representatives Christopher Shays (R-CT) and Marty Meehan (D-MA). We also urge you to oppose H. R. 1316, legislation introduced by Representatives Mike Pence (R-IN) and Albert Wynn (D-MD) and named the “527 Fairness Act of 2005,” despite the fact that it has no provisions that deal with Section 527 groups.

We further urge you to oppose any other efforts to unravel, undermine or backtrack on existing campaign finance laws and any efforts to pass insufficient reform legislation for Section 527 groups as a substitute or alternative to the Shays-Meehan bill.

The Shays-Meehan “527 Reform Act of 2005” is necessary to close the loophole that allowed Section 527 groups to raise and spend hundreds of millions of dollars in unlimited soft money contributions for campaign ads and partisan voter mobilization efforts to influence the 2004 federal elections. The legislation would require Section 527 groups that are raising and spending money to influence federal elections to comply with federal campaign finance laws – just as others participating in federal elections must do, including federal candidates, political parties and federally registered PACs.

The Pence-Wynn bill would fundamentally undermine both the Bipartisan Campaign Reform Act of 2002 (BCRA) and the Federal Election Campaign Act of 1974. The bill would repeal the aggregate limits on contributions by an individual to political parties and to federal candidates, limits that were established in 1974 following the Watergate scandals.

The Pence-Wynn legislation would thereby allow a President, Senator or Representative, or a federal candidate, to solicit more than \$1 million dollars from a single donor for their party in a two-year election cycle – compared with the \$61,400 that they currently can solicit from an individual donor.

The legislation also would allow a President, Senator or Representative, or a federal candidate, to solicit \$2 million or more from a single donor for all federal candidates in a two-year cycle – compared with the \$40,000 that they currently can solicit from an individual donor.

Preventing federal officeholders and candidates from soliciting such huge contributions is precisely what the BCRA was enacted to do in 2002.

There is no justification for the huge contributions Pence-Wynn would allow or for *any* increase in the current limits on the total amounts of money an individual can contribute to federal candidates and to political parties. This will only serve to open the

door again to the solicitation and giving of huge corrupting contributions similar to the contributions that Congress eliminated in enacting the BCRA in 2002.

Political parties and federal candidates raised record amounts in the 2004 federal elections, with the parties raising more in hard money than they raised in combined hard and soft money for the 2000 presidential election cycle. An estimated record \$4 billion was spent by the participants in the 2004 federal elections.

We urge the House Administration Committee to reject any legislation that would increase *any* of the contribution limits that currently exist in federal law.

Recently, legislation was introduced by Representative Clay Shaw (R-FL) to provide further disclosure requirements for Section 527 groups. While this legislation may make sense to consider as a complement to the Shays-Meehan “527 Reform Act of 2005,” the Shaw bill makes no sense as a substitute or alternative to the Shays-Meehan bill since it would block the reforms that are essential to closing the soft money loophole for Section 527 groups.

Increased disclosure by itself will not solve the core problem of Section 527 groups raising and spending hundreds of millions of dollars in soft money to influence federal elections.

We strongly urge you to support H. R. 513, the “527 Reform Act of 2005” which would close the gaping soft money loophole for Section 527 groups, to oppose H.R. 1316, the Pence-Wynn bill, or any other legislative proposal that would increase existing federal contribution limits, and to oppose the Shaw bill if it is offered as a substitute or alternative to the Shays-Meehan 527 reform legislation.

Signed by: Campaign Legal Center
Common Cause
Democracy 21
League of Women Voters
Public Citizen
U.S. PIRG