
Christopher Shays
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**Statement of Congressman Christopher Shays on Substitute Amendment to
H.R. 513, the 527 Reform Act**

I appreciate the House Administration mark-up of H.R. 513, the 527 Reform Act, which will require 527 organizations to live by the same rules as other political committees that work to influence federal elections.

The substitute clarifies the intent of the original bill. While the original bill exempted 527s engaged exclusively in state elections from the registration requirement, it denied the exemption to groups that carry out "voter drive activities" - defined as get-out-the vote, voter ID, or voter registration - during a federal election year. This made the exemption too narrow.

The substitute bill ensures in two important ways that state 527s that only work on behalf of non-federal officeholders will not have to become federal PACs.

First, it completely exempts organizations of state and local candidates or officeholders. Groups such as the Democratic Governors Association, Republican Governors Association, or a state legislative caucus would be exempt, as long as their voter drive activities only mention state candidates or ballot issues. These groups do not qualify for the exemption, however, if they mention federal candidates in their communications.

Second, the bill provides a slightly narrower exemption for state PACs that are active only in state elections. The additional requirements for these PACs to qualify for an exemption are that they can only be active in a single state, and they cannot have a candidate for Federal office or Federal officeholder controlling or participating in the organization or raising money for it.

Finally, the substitute makes a number of changes to ensure that federal PACs that allocate expenditures can use non-federal money for expenditures designed only to assist state candidates even if they make an incidental reference to a federal candidate or political party.

These changes are consistent with the principles set forth in the Bipartisan Campaign Reform Act, which sought to make sure that only federal money is used for federal election activities, but left state election activities in the hands of individual states.