

113TH CONGRESS
2^D SESSION

H. R. 5011

To amend the Federal Election Campaign Act of 1971 to prohibit authorized committees of candidates for election for Federal office and leadership PACs from employing immediate family members of the candidates, to amend such Act to limit the rate of interest an authorized committee of a candidate may pay on loans made to the committee by the candidate, to amend such Act to apply the prohibition against the conversion of contributions to personal use to contributions to political committees, to amend the Lobbying Disclosure Act of 1995 to require registered lobbyists to identify relatives who are covered officials and disclose lobbying contacts with relatives, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 26, 2014

Ms. SPEIER introduced the following bill; which was referred to the Committee on House Administration, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Federal Election Campaign Act of 1971 to prohibit authorized committees of candidates for election for Federal office and leadership PACs from employing immediate family members of the candidates, to amend such Act to limit the rate of interest an authorized committee of a candidate may pay on loans made to the committee by the candidate, to amend such Act to apply the prohibition against the conversion of contributions to personal use to contributions to political

committees, to amend the Lobbying Disclosure Act of 1995 to require registered lobbyists to identify relatives who are covered officials and disclose lobbying contacts with relatives, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Making Every Rep-
 5 resentative’s Integrity Transparent Act of 2014” or the
 6 “MERIT Act”.

7 **SEC. 2. PROHIBITING CAMPAIGN COMMITTEES FROM EM-**
 8 **PLOYING RELATIVES OF CANDIDATES.**

9 (a) PROHIBITION.—Section 302 of the Federal Elec-
 10 tion Campaign Act of 1971 (2 U.S.C. 432) is amended
 11 by adding at the end the following new subsection:

12 “(j) RESTRICTIONS ON DEALINGS WITH RELATIVES
 13 OF CANDIDATES.—

14 “(1) PROHIBITING EMPLOYMENT.—

15 “(A) AUTHORIZED COMMITTEES.—An au-
 16 thorized committee of a candidate may not em-
 17 ploy in a paid position any individual who is a
 18 relative of the candidate.

19 “(B) LEADERSHIP PACS.—A leadership
 20 PAC (as defined in section 304(i)(8)(B)) may
 21 not employ in a paid position any individual
 22 who is a relative of the candidate or individual

1 holding Federal office who establishes, finances,
2 maintains, or controls the leadership PAC.

3 “(2) **RELATIVE DEFINED.**—In this subsection,
4 the term ‘relative’ means, with respect to a can-
5 didate or individual holding Federal office, an aunt,
6 brother, brother-in-law, daughter, daughter-in-law,
7 father, father-in-law, first cousin, grandson, grand-
8 daughter, half-brother, half-sister, husband, mother,
9 mother-in-law, nephew, niece, sister, sister-in-law,
10 son, son-in-law, stepbrother, stepdaughter, step-
11 father, stepmother, stepsister, stepson, uncle, or
12 wife.”.

13 (b) **EFFECTIVE DATE.**—The amendment made by
14 subsection (a) shall take effect upon the expiration of the
15 90-day period which begins on the date of the enactment
16 of this Act.

17 **SEC. 3. LIMIT ON INTEREST RATE PAID BY CAMPAIGN COM-**
18 **MITTEES ON LOANS MADE BY CANDIDATES.**

19 (a) **LIMIT ON INTEREST RATE.**—Section 302 of the
20 Federal Election Campaign Act of 1971 (2 U.S.C. 432),
21 as amended by section 2, is further amended by adding
22 at the end the following new subsection:

23 “(k) **LIMIT ON INTEREST RATE PAID ON LOANS**
24 **MADE BY CANDIDATES.**—

1 “(1) LIMIT.—If an authorized committee of a
2 candidate accepts a loan from the candidate, the
3 committee may not pay interest on the loan at an
4 annual rate higher than the prime rate as of the
5 date the loan is agreed to plus 2 percentage points.

6 “(2) PRIME RATE DEFINED.—In this sub-
7 section, the term ‘prime rate’ means the bank prime
8 loan rate published in the Federal Reserve Statis-
9 tical Release on selected interest rates (daily or
10 weekly), and commonly referred to as the H.15 re-
11 lease (or any successor publication).”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 subsection (a) shall apply with respect to loans made on
14 or after the date of the enactment of this Act.

15 **SEC. 4. ENHANCED DISCLOSURE OF CERTAIN INFORMA-**
16 **TION BY CAMPAIGN COMMITTEES.**

17 (a) LOANS MADE BY CANDIDATES.—Section
18 304(b)(3)(E) of the Federal Election Campaign Act of
19 1971 (2 U.S.C. 434(b)(3)(E)) is amended by striking
20 “and the date and amount or value of such loan;” and
21 inserting the following: “the date and amount or value of
22 such loan, and in the case of a loan made to an authorized
23 committee which is made by or guaranteed by the can-
24 didate, the terms and conditions of the loan, including the
25 aggregate amount of the loan, the annualized interest rate

1 (and, if the interest rate is variable, a description of how
2 the rate may vary), the terms and conditions (if any)
3 under which the interest rate may be changed from fixed
4 to variable or from variable to fixed, the repayment sched-
5 ule, the duration of the loan, any fees and penalties which
6 may be assessed on the borrower, and the requirements
7 (if any) for loan forgiveness or deferment;”.

8 (b) PAYMENTS TO RELATIVES OF CANDIDATES.—

9 (1) PAYMENTS FOR OPERATING EXPENSES.—

10 Section 304(b)(5)(A) of such Act (2 U.S.C.
11 434(b)(5)(A)) is amended by striking the semicolon
12 at the end and inserting the following: “, and, if the
13 person to whom the expenditure is made is a relative
14 of the candidate (as defined in section 302(j)(2)) or
15 is a business organization with respect to which a
16 relative of the candidate (as so defined) serves as an
17 officer or director, the name and address of the rel-
18 ative and the type of relative involved;”.

19 (2) OTHER DISBURSEMENTS.—Section
20 304(b)(6)(A) of such Act (2 U.S.C. 434(b)(6)(A)) is
21 amended by striking the semicolon at the end and
22 inserting the following: “, and, if the person who re-
23 ceived the disbursement is a relative of the candidate
24 (as defined in section 302(j)(2)) or is a business or-
25 ganization with respect to which a relative of the

1 candidate (as so defined) serves as an officer or di-
2 rector, the name and address of the relative and the
3 type of relative involved;”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply with respect to reports filed under
6 section 304 of the Federal Election Campaign Act of 1971
7 after the date of the enactment of this Act.

8 **SEC. 5. CLARIFICATION OF RULES APPLICABLE TO USES**
9 **OF CONTRIBUTIONS ACCEPTED BY POLIT-**
10 **ICAL COMMITTEES.**

11 (a) PROHIBITING CONVERSION TO PERSONAL
12 USE.—Section 313(b)(2) of the Federal Election Cam-
13 paign Act of 1971 (2 U.S.C. 439a(b)(2)) is amended by
14 striking “the candidate’s election campaign or individual’s
15 duties as a holder of Federal office,” and inserting the
16 following: “the candidate’s election campaign, the individ-
17 ual’s duties as a holder of Federal office, or the political
18 committee’s political activities (as the case may be),”.

19 (b) CLARIFICATION THAT CONTRIBUTIONS MAY BE
20 USED FOR AUTHORIZED EXPENDITURES IN CONNECTION
21 WITH POLITICAL ACTIVITIES AND FOR OTHER LAWFUL
22 PURPOSES.—

23 (1) IN GENERAL.—Section 313(a) of such Act
24 (2 U.S.C. 439a(a)) is amended—

1 (A) in the matter preceding paragraph (1),
2 by striking “accepted by a candidate” and in-
3 sserting “accepted by a candidate or a political
4 committee”;

5 (B) in the matter preceding paragraph (1),
6 by striking “used by the candidate or indi-
7 vidual” and inserting “used by the candidate,
8 individual, or political committee”; and

9 (C) in paragraph (1), by striking the semi-
10 colon at the end and inserting the following: “,
11 or, in the case of a political committee, in con-
12 nection with the committee’s political activi-
13 ties;”.

14 (2) CONFORMING AMENDMENTS.—Section
15 313(a) of such Act (2 U.S.C. 439a(a)) is amended—

16 (A) in paragraph (2), by striking “for ordi-
17 nary and necessary expenses” and inserting “in
18 the case of a candidate or individual, for ordi-
19 nary and necessary expenses”;

20 (B) in paragraph (3), by striking “for con-
21 tributions” and inserting “in the case of a can-
22 didate or individual, for contributions”;

23 (C) in paragraph (4), by striking “for
24 transfers” and inserting “in the case of a can-
25 didate or individual, for transfers”; and

1 (D) in paragraph (5), by striking “for do-
2 nations” and inserting “in the case of a can-
3 didate or individual, for donations”.

4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall apply with respect to elections occurring
6 after December 2014.

7 **SEC. 6. REQUIRING LOBBYISTS TO IDENTIFY RELATIVES**
8 **WHO ARE COVERED OFFICIALS AND DIS-**
9 **CLOSE LOBBYING CONTACTS WITH REL-**
10 **ATIVES.**

11 (a) IDENTIFICATION OF RELATIVES WHO ARE COV-
12 ERED OFFICIALS IN REGISTRATION STATEMENTS.—

13 (1) IN GENERAL.—Section 4(b)(6) of the Lob-
14 bying Disclosure Act of 1995 (2 U.S.C. 1603(b)(6))
15 is amended to read as follows:

16 “(6) for each employee of the registrant who
17 has acted or whom the registrant expects to act as
18 a lobbyist on behalf of the client—

19 “(A) the name of the employee;

20 “(B) the position in which the employee
21 served if such employee has served as a covered
22 executive branch official or a covered legislative
23 branch official in the 20 years before the date
24 on which the employee first acted as a lobbyist
25 on behalf of the client; and

1 “(C) the name of each relative of the em-
2 ployee who serves currently or who served pre-
3 viously as a covered executive branch official or
4 a covered legislative branch official and, in the
5 case of an official who is or was a Member of
6 Congress, the Congressional Bioguide Identifier
7 assigned to the Member by the Clerk of the
8 House of Representatives or the Secretary of
9 the Senate, as the case may be.”.

10 (2) UPDATES TO REGISTRATION FOR LOBBY-
11 ISTS WHO BECOME RELATIVES OF COVERED OFFI-
12 CIALS AFTER REGISTRATION.—Section 4 of such Act
13 (2 U.S.C. 1603) is amended by adding at the end
14 the following new subsection:

15 “(e) UPDATES TO REGISTRATION FOR EMPLOYEES
16 WHO BECOME RELATIVES OF COVERED OFFICIALS.—If,
17 after a registrant registers under this section, an employee
18 of the registrant who is identified in the registration under
19 subsection (b)(6) becomes the relative of a covered legisla-
20 tive branch official or a covered executive branch official,
21 the registrant shall update the registration to include the
22 information described in subparagraph (B) of such sub-
23 section with respect to the employee and the official not
24 later than 90 days after the employee becomes the relative
25 of the official.”.

1 (3) EFFECTIVE DATE; TRANSITION RULE FOR
2 CURRENT REGISTRANTS.—

3 (A) EFFECTIVE DATE.—The amendments
4 made by this subsection shall apply with respect
5 to registrations made under section 4 of the
6 Lobbying Disclosure Act of 1995 after the date
7 of the enactment of this Act.

8 (B) TRANSITION RULE.—A registrant who
9 registered under section 4 of the Lobbying Dis-
10 closure Act of 1995 prior to the date of the en-
11 actment of this Act shall include the informa-
12 tion described in section 4(b)(6)(C) of such Act
13 (as added by paragraph (1)) in the next quar-
14 terly report on lobbying activities which the reg-
15 istrant files under section 5(a) of such Act after
16 the date of the enactment of this Act.

17 (b) INCLUSION OF LOBBYING CONTACTS WITH REL-
18 ATIVES IN QUARTERLY REPORTS ON LOBBYING ACTIVI-
19 TIES.—

20 (1) IN GENERAL.—Section 5(b)(2) of such Act
21 (2 U.S.C. 1604(b)(2)) is amended—

22 (A) by striking “and” at the end of sub-
23 paragraph (C);

24 (B) by striking the semicolon at the end of
25 subparagraph (D) and inserting “; and”; and

1 (C) by adding at the end the following new
2 subparagraph:

3 “(E) if, on behalf of the client, any lob-
4 byist employed by the registrant contacted a
5 relative who is a covered legislative branch offi-
6 cial or covered executive branch official, a state-
7 ment identifying the lobbyist, the official (and,
8 if the official is a Member of Congress, the
9 Congressional Bioguide Identifier assigned to
10 the Member by the Clerk of the House of Rep-
11 resentatives or the Secretary of the Senate, as
12 the case may be), the subject matter of the con-
13 tact, and the type of relative involved;”.

14 (2) EFFECTIVE DATE.—The amendment made
15 by paragraph (1) shall apply with respect to reports
16 filed under section 5 of the Lobbying Disclosure Act
17 of 1995 with respect to quarterly periods which
18 begin on or after the date of the enactment of this
19 Act.

20 (c) RELATIVE DEFINED.—Section 3 of such Act (2
21 U.S.C. 1602) is amended—

22 (1) by redesignating paragraph (16) as para-
23 graph (17); and

24 (2) by inserting after paragraph (15) the fol-
25 lowing new paragraph:

1 “(16) RELATIVE.—The term ‘relative’ means,
2 with respect to a lobbyist or employee of a reg-
3 istrant, an aunt, brother, brother-in-law, daughter,
4 daughter-in-law, father, father-in-law, first cousin,
5 grandson, granddaughter, half-brother, half-sister,
6 husband, mother, mother-in-law, nephew, niece, sis-
7 ter, sister-in-law, son, son-in-law, stepbrother, step-
8 daughter, stepfather, stepmother, stepsister, stepson,
9 uncle, or wife.”.

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