

Showing They Care

JUST AS SPECIAL INTERESTS give donations for different reasons, they can also give in different ways. Often the more urgent the issue, the more generous the gift. The following all represent legal loopholes in the campaign finance system that allow donors to maximize their clout with lawmakers who control their legislative agendas on Capitol Hill.

BUNDLING

Bundling occurs when a group of contributions from individuals representing the same corporation, industry or special interest group all reach a candidate at around the same time. Employees of MBNA America Bank have bundled more than \$240,000 to Senators Alfonse D'Amato, R-New York, Arlen Specter, R-Pennsylvania, and Richard Shelby, R-Alabama, in the 1997-98 election cycle. The Delaware-based bank is one of the country's biggest credit card issuers and is lobbying for legislation that would make it harder for consumers to wipe away their debts.

CONDUIT

A conduit can be an individual, group or PAC that collects and delivers contributions that donors designate for a specific candidate. These contributions do not count against the campaign contribution limits for the conduit, which serves strictly as an intermediary party for the donation. The benefit to the conduit is that it can take credit for raising a lot more money for a candidate than the law allows it to give directly. The California-based bipartisan political organization Technology Network (Technet) PAC has served as a conduit for at least \$325,000 to lawmakers in 1997-98.

LARGE SOFT MONEY DONATIONS

Donors can make a big impression on the national parties by writing large checks. The founder of Amway, Richard DeVos, and his wife each wrote \$500,000 soft money checks on April 2, 1997. He got a tax break in the

budget bill signed by President Clinton last summer that eases international tax rules and benefits two of the consumer products company's Asian affiliates. There are no limits on the size of soft money gifts. Also, corporations and labor unions — barred by law from directly contributing to federal campaigns — may give soft money.

BIG PAC DONATIONS

A group may try to maximize clout with lawmakers at key times during action on legislation by distributing a lot of PAC contributions on a single day. On May 27, 1998, the American Medical Association distributed \$99,750 to federal candidates during the peak in the managed-care reform debate — including \$2,000 to Michigan Representative John Dingell, who sponsored the Democrats' bill supported by the trade group.

IN-KIND DONATIONS

Organizations can contribute goods and services to the national political parties that range from Christmas cards to telephone equipment. Not only are they recognized for their gifts, but their donations can generate good publicity. Competitors Microsoft and Oracle have each made significant in-kind donations to the parties. Microsoft donated almost \$100,000 worth of computer software in March 1998 to the Republicans, and Oracle gave nearly \$155,000 in software in December 1997 to the Democrats.

USE OF CORPORATE JETS

When Senators Trent Lott, R-Mississippi, Bill Frist, R-Tennessee, and Mitch McConnell, R-Kentucky, flew to Las Vegas to raise money for the National Republican Senatorial Committee, Mirage Resort's Steve Wynn loaned them his jet. Not only did lawmakers not have to fly commercial, but gambling industry leaders like Wynn got close, personal "face time" with the politicians. Lott and McConnell were instrumental in killing a proposal to end the gambling tax deduction.

PRIVATELY FUNDED TRAVEL

Beginning in January 1996, lawmakers were barred from accepting gifts from private sources — but the ban does not include "meetings, speaking engagements and fact-finding trips." Groups have taken lawmakers to such exotic locations as Israel, Paris and the Congo. In December 1997, the oil company Atlantic Richfield (ARCO) spent \$33,141 bringing House Speaker Newt Gingrich, R-Georgia, and his wife to London for a speaking engagement. Oil companies are pushing legislation that would allow them to pay the government back in-kind for drilling on federal land.

INDEPENDENT EXPENDITURES

PACs, ideological organizations and individuals may spend unlimited amounts of money for independent expenditures supporting or opposing particular candidates, as long as they do not coordinate with the candidates that benefit. Groups ranging from labor unions to the National Rifle Association widely used this technique in the 1996 elections when Democrats and Republicans once again went head to head for control of Congress.

LEADERSHIP PAC CONTRIBUTIONS

Leadership PACs are political action committees started by congressional leaders — and independent of their campaign committees — as a way to help fund other members' campaigns and to gain clout among their colleagues. But they also represent another way for contributors to curry favor with lawmakers. While the legal limit for a political action committee is \$10,000 per election cycle per candidate committee, the leadership PAC offers donors an opportunity to give another \$10,000 to the lawmaker. For example, House Minority Leader Richard Gephardt's, D-Missouri, campaign committee has taken in \$235,008 and his leadership PAC, the Effective Government Committee, \$192,500, from the same political action committees in the 1997-98 election cycle.

— Jennifer Shecter