CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 21, 2013

H.R. 95

A bill to reduce federal spending and the deficit by terminating taxpayer financing of Presidential election campaigns and party conventions

As ordered reported by the Committee on House Administration on June 4, 2013

SUMMARY

H.R. 95 would amend federal law to end taxpayers' option to designate a portion of their federal income tax to the Presidential Election Campaign Fund (PECF); the bill would end authority to spend such funds on Presidential campaigns and transfer all balances in that fund to the general fund of the Treasury. CBO estimates that enacting H.R. 95 would reduce direct spending by $130 million over the 2014-2023 period. In addition, the legislation would affect federal penalties related to campaign financing (some of which are recorded in the budget as revenues and are available to be spent without further appropriation); CBO estimates, however, that any such effects would not be significant. Because the bill would affect direct spending and revenues, pay-as-you-go procedures apply. The staff of the Joint Committee on Taxation (JCT) estimates that enacting the legislation would have no impact on federal income tax revenues.

JCT has determined that H.R. 95 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 95 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	-34	-33	-32	-31	-30	-29	-28	-27	-26	-25	-160	-295
Estimated Outlays	0	-40	-2	0	0	-42	-2	0	0	-44	-42	-130

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted before the end of 2013. We estimate that enacting the bill would reduce direct spending but would have no significant effect on revenues (including penalties).

The PECF provides money for Presidential election campaigns. The fund is financed by taxpayers who voluntarily designate on their income tax returns that a portion of their annual tax liability ($3 for individual income tax filers and $6 for joint returns) be credited to the PECF. The voluntary earmarking of a portion of a taxpayer's liability does not affect the amount of tax owed to the federal government or the amount of any refund owed to that taxpayer. Use of the fund has gradually diminished in recent years along with the amounts credited to the fund. In 2012, $35 million was credited to the fund. During the most recent Presidential campaign, spending from the PECF totaled about $37 million—$36 million of that amount went toward political conventions organized by the two major political parties. The two major party candidates did not accept any PECF funds for their campaigns; other candidates received a little more than $1 million for their campaigns.

CBO estimates that terminating the PECF would reduce direct spending by $130 million over the 2014-2023 period. That estimate is based on PECF spending over the last two Presidential election cycles and reflects CBO's assumptions about the number of taxpayers that would likely designate funds for the PECF over the 2014-2023 period and the amount of public funding that we expect the major political parties to request for costs related to upcoming Presidential elections.

Eliminating the PECF could reduce the administrative costs that the Federal Election Commission incurs to oversee the use of amounts drawn from that fund during Presidential election campaign cycles. However, because of the diminished use of the funds in recent years, CBO expects any such savings would be insignificant.

Enacting H.R. 95 could affect federal revenues by decreasing the collection of fines for violating campaign finance law. Such collections are recorded in the budget as revenues and, in certain cases, such amounts may be spent without further appropriation. CBO estimates that any net changes in revenues and associated direct spending would be insignificant because of the small number of possible violations.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table. Enacting the legislation would have no significant effect on revenues (including penalties).

CBO Estimate of Pay-As-You-Go Effects for H.R. 95, as ordered reported by the Committee on House Administration on June 4, 2013

	By Fiscal Year, in Millions of Dollars												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013-2018	2013-2023
NET INCREASE OR DECREASE (-) IN THE [ON-BUDGET] DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	-40	-2	0	0	-42	-2	0	0	-44	-42	-130

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

JCT has determined that H.R. 95 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

PREVIOUS CBO ESTIMATE

On May 17, 2013, CBO transmitted a cost estimate for H.R. 2019, the Kids First Research Act of 2013, as introduced on May 16, 2013. That bill also would eliminate the PECF and end the authority to spend funds in that account on Presidential campaigns or conventions, and our estimates of savings stemming from such changes under both bills are the same.

ESTIMATE PREPARED BY:

Federal Spending: Maggie Morrissey and Matthew Pickford
Impact on Intergovernmental and Private-Sector Mandates: Joint Committee on Taxation

ESTIMATE APPROVED BY:

Theresa Gullo
Deputy Assistant Director for Budget Analysis