



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 4, 1999

## **H.R. 2668** **Campaign Reform and Election Integrity Act of 1999**

*As ordered reported by the Committee on House Administration on August 2, 1999*

### **SUMMARY**

H.R. 2668 would make numerous amendments to the Federal Election Campaign Act of 1971, including:

- (1) banning political contributions by noncitizens,
- (2) expanding the reporting of information to the Federal Election Commission (FEC),
- (3) requiring daily disclosure by political committees of certain contributions and expenditures at the end of an election cycle,
- (4) requiring the electronic filing of information for campaigns that spend or raise more than \$50,000,
- (5) requiring political committees to temporarily deposit with the Treasury certain contributions to be returned to the donor pending investigation by the FEC of possible violations, and
- (6) authorizing the FEC to create an administrative fine schedule for minor reporting violations.

Subject to the availability of appropriated funds, CBO estimates that implementing H.R. 2668 would cost the FEC about \$1 million in fiscal year 2000. In future years, the bill might increase or decrease costs to the FEC, but CBO estimates that the net change in costs is not likely to be significant.

Enacting the bill also would increase collections of fines and penalties, but CBO estimates that any such increase would not be significant. Because the bill would affect receipts, pay-as-you-go procedures would apply.

H.R. 2668 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The bill would impose new private-sector mandates on individuals, businesses, candidates for federal office, and political parties. CBO has not yet completed an estimate of the costs of these mandates, but will provide such an estimate at a later date.

## **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

CBO estimates that implementing H.R. 2668 would increase discretionary spending for administrative costs of the FEC by about \$1 million in fiscal year 2000. For future years, CBO estimates that the net change in FEC costs would probably not be significant. Implementing the bill would also affect receipts, but CBO estimates that the annual amounts of such changes are also not likely to be significant. The costs of this legislation fall within budget function 800 (general government).

### **Discretionary Spending**

After the 2000 cycle for federal elections, H.R. 2668 would require that political committees with aggregate contributions or expenditures of \$50,000 or more file their reports electronically with the FEC. During the 90 days preceding an election, the bill would require that committees report daily on any contribution of \$200 or more that they receive and that individuals report daily on certain types of expenditures in support of or against a candidate or candidates. The FEC would be required to process and post the information immediately on its Internet site. In addition, the bill would make several minor changes in how the FEC administers and investigates violations of the Federal Election Campaign Act.

Based on information from the FEC, and subject to the availability of appropriated funds, CBO estimates that implementing H.R. 2668 cost the FEC about \$1 million in fiscal year 2000. This cost would cover the one-time expenses of reconfiguring the FEC's information systems to handle the increased workload from accepting and processing daily reports, as well as writing new regulations implementing the bill's provisions and printing and mailing materials informing candidates and political committees of the new requirements.

In future years, the FEC would have to monitor political parties' compliance with the bill's provisions and comply with the bill's changes in issuing opinions and investigating possible violations. The increase in costs from complying with these provisions would be offset by the bill's provision allowing the FEC to streamline its investigation of certain reporting requirements. CBO estimates that the net change in such costs would not be significant

### **Governmental Receipts**

Enacting H.R. 2668 would likely increase collections of fines and penalties for violations of campaign finance law. This bill also would require that campaigns deposit certain contributions with the Treasury, which could then be applied toward any fines or penalties, and would allow the FEC to administer an alternative fine schedule for minor reporting violations. CBO estimates that the additional collections of penalties and fines would not be significant.

### **Escrow Fund**

H.R. 2668 would require political committees to deposit in an escrow fund at the Treasury any contribution or donation they receive that is equal to or greater than \$500 and that the committee has not returned within 90 days of its receipt. The contribution would be held pending an investigation by the FEC. Depending on the results of that investigation, the contribution could be returned—with interest—to the donor, applied toward any fines, penalties, or costs associated with the investigation, or some combination of the two. The FEC would have 180 days to complete its investigation. Deposits to or withdrawals from the escrow fund would not be considered budgetary transactions. However, the bill specifies that some of the amounts deposited into the escrow fund could be used to offset costs of FEC investigations. Any such use of escrow funds would affect direct spending, but CBO expects that the amounts involved would be less than \$500,000 a year.

### **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Emergency Deficit Control Act specifies pay-as-you-go procedures for legislation affecting direct spending or receipts. These procedures would apply to H.R. 2668 because it could affect both direct spending and receipts, but CBO estimates that the annual amount of such changes would not be significant.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 2668 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

The bill would impose new private-sector mandates on individuals, businesses, candidates for federal office, and political parties. CBO has not yet completed an estimate of the costs of these mandates, but will provide such an estimate at a later date.

## **ESTIMATE PREPARED BY**

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