



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 25, 2010

H.R. 5175 DISCLOSE Act

As ordered reported by the House Committee on Administration on May 20, 2010

SUMMARY

H.R. 5175 would amend the Federal Election Campaign Act of 1971 to require that additional campaign-spending information be reported to the Federal Election Commission (FEC) and that additional information be made available to the public. In addition, the legislation would extend or create new prohibitions on political spending by certain government contractors, recipients of funds from the Troubled Asset Relief Program (TARP), and companies controlled by foreign nationals.

CBO estimates that implementing H.R. 5175 would cost \$2 million in fiscal year 2011 and about \$10 million over the 2011-2015 period, subject to appropriation of the necessary funds. Those amounts would cover additional administrative costs for the FEC to ensure compliance with the bill. Enacting H.R. 5175 could increase revenues and direct spending from the collection of civil and criminal penalties; therefore, pay-as-you-go procedures would apply. However, CBO estimates that the net budgetary effect of any additional penalty collections would be negligible for each year.

H.R. 5175 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

H.R. 5175 contains private-sector mandates, as defined in UMRA, on lobbyists, political organizations, and other entities or individuals that make political expenditures. Based on information from the FEC, CBO estimates that the aggregate cost to comply with the mandates would fall below the annual threshold established in UMRA for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5175 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					2011- 2015
	2011	2012	2013	2014	2015	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	3	2	2	2	2	11
Estimated Outlays	2	2	2	2	2	10

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 5175 will be enacted near the end of fiscal year 2010, that the necessary funds will be provided for each year, and that spending will follow the historical spending patterns of the FEC.

Spending Subject to Appropriation

Based on information from the FEC, CBO estimates that the agency would spend about \$1 million over the 2010-2011 period to reconfigure its information systems, write new and revise old regulations, and provide training and outreach to interested groups.

In addition, the FEC would need to ensure compliance with the bill's provisions, analyze the new reports submitted by campaigns, and investigate possible violations and complaints. Based on information from the FEC, CBO estimates that conducting those activities would cost about \$2 million a year.

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. Enacting H.R. 5175 could increase civil and criminal fines collected for violations of the bill’s provisions. Civil fines are recorded as revenues. Criminal fines are recorded as revenues, deposited in the Crime Victims Fund, and subsequently spent without further appropriation. CBO estimates that any additional collections would not be significant because of the relatively small number of cases likely to result. The net changes to outlays and revenues that are subject to pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 5175, the DISCLOSE Act, as ordered reported by the House Committee on House Administration on May 20, 2010.

	By Fiscal Year, in Millions of Dollars													
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2010-2015	2010-2020	
NET INCREASE OR DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	0	0	0	0	0	0	0	0	0	0	0	0	0

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 5175 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR:

H.R. 5175 contains private-sector mandates, as defined in UMRA. Those mandates would expand reporting requirements for lobbyists, political organizations and other entities or individuals that make certain political expenditures, require new disclosures in political ads, mass mailings, and automated political calls, and expand the ban on contributions and other political expenditures by foreign nationals. Based on information from the FEC, CBO estimates that the aggregate cost to comply with the mandates would fall below the annual threshold established in UMRA for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

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