CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

January 24, 2011

H.R. 359
A bill to reduce federal spending and the deficit by terminating taxpayer financing of Presidential election campaigns and party conventions

As introduced on January 20, 2011

SUMMARY

H.R. 359 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 transfer all balances in that fund to the general fund of the Treasury and end authority to spend funds on Presidential campaigns. By eliminating that option, CBO estimates that enacting H.R. 359 would reduce direct spending by $617 million over the 2011-2021 period. The legislation would affect direct spending as well as 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); therefore, pay-as-you-go procedures apply. The staff of the Joint Committee on Taxation estimates that enacting the legislation would have no impact on federal income tax revenues.

H.R. 359 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 359 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011-2016	2011-2021
CHANGES IN DIRECT SPENDING													
Estimated Budget Authority	-42	-42	-42	-42	-42	-42	-42	-42	-42	-42	-42	-252	-462
Estimated Outlays	-40	-215	-2	-0	-40	-150	-2	-0	-40	-126	-2	-447	-617

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted before the end of 2011. 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). 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. The fund currently collects about $42 million annually, and its balance was $195 million at the end of 2010. For the 2008 Presidential election cycle outlays from the PECF totaled $135 million.

CBO estimates that terminating the PECF would reduce direct spending by $617 million over the 2011-2021 period. That estimate is based on the number (and size) of voluntary designations that taxpayers are likely to make over the 2011-2021 period, the current fund balance, and the amount of public funding that we expect will be requested for the 2012, 2016, and 2020 Presidential elections.

Eliminating the PECF could lead to administrative savings at the Federal Election Commission. Any such savings would depend on the amounts provided to the commission in future appropriation acts.

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. 359 as introduced on January 20, 2011

	By Fiscal Year, in Millions of Dollars												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011-2016	2011-2021
	NET INCREASE OR DECREASE (-) IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	-40	-215	-2	0	-40	-150	-2	0	-40	-126	-2	-447	-617

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 359 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Spending: Matthew Pickford
Impact on State, Local, and Tribal Governments: Melissa Merrell
Impact on the Private Sector: Paige Piper/Bach

ESTIMATE APPROVED BY:

Theresa Gullo
Deputy Assistant Director for Budget Analysis