CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 13, 2015

H.R. 412
A bill to reduce federal spending and the deficit by terminating taxpayer financing of Presidential election campaigns

As ordered reported by the Committee on House Administration on March 4, 2015

SUMMARY

H.R. 412 would amend federal law to eliminate the Presidential Election Campaign Fund (PECF). Specifically, the bill would:

- End taxpayers' option to designate a portion of their federal income tax to be credited to the PECF;
- Eliminate the authority to spend balances in the PECF on Presidential campaigns; and
- Transfer a portion of the remaining balances in the PECF to the 10-Year Pediatric Research Initiative Fund and the remainder to the general fund of the Treasury.

CBO estimates that implementing H.R. 412 would cost $88 million over the 2016-2025 period, assuming appropriation of amounts specified to be transferred to the 10-year Pediatric Research Initiative. In addition, we estimate that enacting H.R. 412 would reduce direct spending by $6 million over the 2016-2025 period, by ending the authority to spend federal funds on Presidential campaigns. Because the bill would affect direct spending, pay-as-you-go procedures apply.

The staff of the Joint Committee on Taxation (JCT) has determined that H.R. 412 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 effects of H.R. 412 are shown in the following table. The effects of this legislation fall within budget functions 550 (health) and 800 (general government).

	By Fiscal Year, in Millions of Dollars											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	-31	-29	-28	-27	-26	-24	-23	-22	-21	-20	-141	-251
Estimated Outlays	-2	0	0	0	-2	0	0	0	-2	0	-4	-6
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
Estimated Authorization Level	88	0	0	0	0	0	0	0	0	0	88	88
Estimated Outlays	23	48	13	2	1	*	0	0	0	0	88	88

Note: * = Less than $500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted before the end of fiscal year 2015.

Direct Spending and Revenues

The PECF may provide 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 for campaigns has gradually diminished in recent years, and the amounts credited to the fund have also declined.

Currently the fund has a balance of about $270 million. During the most recent Presidential campaign, spending from the PECF totaled about $37 million—$36 million of that amount went toward conventions organized by the two major political parties. In 2014, enactment of the Gabriella Miller Kids First Research Act ended the authority to spend balances in the PECF for political conventions. Furthermore, the two major party candidates in 2012 did not accept any PECF money for their campaigns; other candidates received a total of about $1 million for their campaigns in 2012.

CBO estimates that under current law, taxpayers will designate an average of about $25 million for the PECF per year over the 2015-2025 period, but that spending from the fund will amount to only $2 million during each Presidential campaign. That estimate is based on the expectation that the amount of public funding political parties will request for campaign costs related to upcoming Presidential elections will be similar to spending over the past two Presidential election cycles, when the major party candidates did not accept PECF money for their campaigns. Hence, CBO estimates that terminating the PEFC would reduce direct spending by $6 million over the 2016-2025 period.

Spending Subject to Appropriation

H.R. 412 would transfer $88 million from the PECF to the 10-Year Pediatric Research Initiative Fund. Assuming the appropriation of that specified amount, CBO estimates that spending for research activities would total $88 million over the 2016-2025 period, with most of that spending occurring in the next few years.

Eliminating the PECF would reduce the administrative costs that the Federal Election Commission incurs to oversee the use of the fund during Presidential election campaign cycles. Those administrative costs are subject to the availability of appropriated funds. However, because the fund has been used much less frequently in recent years, CBO expects that any such savings would be insignificant.

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.

CBO Estimate of Pay-As-You-Go Effects for H.R. 412, as ordered reported by the Committee on House Administration on March 4, 2015

	By Fiscal Year, in Millions of Dollars												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
NET DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	-2	0	0	0	-2	0	0	0	-2	0	-4	-6

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

JCT has determined that H.R. 412 contains no intergovernmental or private-sector mandates as defined in UMRA.

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