



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 22, 2017

H.R. 133

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 February 7, 2017

SUMMARY

H.R. 133 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 (PRIF) and the remainder to the general fund of the Treasury.

CBO estimates that implementing H.R. 133 would have a discretionary cost of \$63 million over the 2017-2022 period, assuming that amounts specified to be transferred to the PRIF are appropriated. In addition, we estimate that enacting H.R. 133 would reduce direct spending by \$4 million over the 2017-2027 period, by ending the authority to spend federal funds on Presidential campaigns. Because enacting the bill would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

The staff of the Joint Committee on Taxation (JCT) has determined that H.R. 133 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. 133 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											2017-	2017-
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2022	2027
INCREASES IN SPENDING SUBJECT TO APPROPRIATION													
10-Year Pediatric Research Initiative Fund													
Authorization Level	63	0	0	0	0	0	0	0	0	0	0	63	63
Estimated Outlays	8	23	22	8	1	*	0	0	0	0	0	63	63
DECREASES IN DIRECT SPENDING													
Presidential Election Campaign Fund													
Estimated Budget Authority	-349	-28	-27	-26	-24	-23	-22	-21	-20	-19	-18	-477	-577
Estimated Outlays	0	0	0	-2	0	0	0	-2	0	0	0	-2	-4

Note: * = Between zero and \$500,000; components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted before the end of fiscal year 2017.

Spending Subject to Appropriation

H.R. 133 would transfer about \$63 million from the PECF to the 10-Year Pediatric Research Initiative Fund. Amounts in the fund are available to be spent only if they are appropriated. Assuming appropriation of those amounts, CBO estimates that spending for would total \$63 million over the 2017-2022 period.

Eliminating the PECF would reduce the administrative costs that the Federal Election Commission incurs to oversee the use of the fund. That spending is subject to the availability of appropriated funds. Because the PECF has been used much less frequently in recent years, CBO expects that any such savings would be negligible.

Direct Spending and Revenues

The PECF 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 fund. (Earmarking 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.) Amounts credited to the fund have declined in recent years and balances currently total about \$320 million.

Under current law, those balances are available to Presidential election campaigns if the campaigns request them. (The authority to spend balances in the PECF for political conventions was terminated in 2014.) Requests for funding from the PECF have diminished in recent years. For example, the two major-party candidates in 2016 did not accept any PECF money and other candidates received a total of only about \$1.5 million.

Under current law, CBO estimates that about \$257 million will be deposited in the PECF from taxpayer designations over the 2017-2027 period. Over that time period, however, CBO estimates that spending from the fund will amount to only about \$4 million—\$2 million in 2020 and \$2 million in 2024. That estimate is based on the expectation that the amount of public funding political parties will request will be similar to spending over the last two Presidential election cycles. Thus, CBO estimates terminating the PEFC would reduce direct spending by \$4 million over the 2017-2027 period.

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. 133, as ordered reported by the Committee on House Administration on February 7, 2017

	By Fiscal Year, in Millions of Dollars											2017-	2017-
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2022	2027
NET DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	0	-2	0	0	0	-2	0	0	0	-2	-4

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

JCT has determined that H.R. 133 contains no intergovernmental or private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY:

Federal Spending: Matthew Pickford and Ellen Werble

Intergovernmental and Private-Sector Mandates: Staff of the Joint Committee on
Taxation

ESTIMATE APPROVED BY:

H. Samuel Papenfuss
Deputy Assistant Director for Budget Analysis