

**H.R. 1, For the People Act of 2019, as reported by the House Committee on Rules on March 5, 2019**
**Estimated Effects on Direct Spending and Revenues <sup>a</sup>**

|   | By Fiscal Year, Millions of Dollars |      |      |      |      |      |       |      |      |      |      | 2019- | 2019- |
|---|-------------------------------------|------|------|------|------|------|-------|------|------|------|------|-------|-------|
|   | 2019                                | 2020 | 2021 | 2022 | 2023 | 2024 | 2025  | 2026 | 2027 | 2028 | 2029 | 2024  | 2029  |
| <b>Increases or Decrease (-) in Revenues</b>  |                                     |      |      |      |      |      |       |      |      |      |      |       |       |
| Freedom From Influence Fund   | 0                                   | 144  | 168  | 178  | 188  | 196  | 204   | 209  | 215  | 220  | 226  | 874   | 1,948 |
| Other Revenue   | 0                                   | -35  | -30  | -25  | -23  | -20  | -19   | -17  | -17  | -16  | -16  | -133  | -218  |
| Total Revenue   | 0                                   | 109  | 138  | 153  | 165  | 176  | 185   | 192  | 198  | 204  | 210  | 741   | 1,730 |
| <b>Increases or Decreases (-) in Direct Spending</b>  |                                     |      |      |      |      |      |       |      |      |      |      |       |       |
| My Voice Voucher Pilot Program (Sec 5101)   |                                     |      |      |      |      |      |       |      |      |      |      |       |       |
| Estimated Budget Authority  | 0                                   | 0    | 6    | 21   | 9    | 21   | 3     | 0    | 0    | 0    | 0    | 57    | 60    |
| Estimated Outlays   | 0                                   | 0    | 6    | 21   | 9    | 21   | 3     | 0    | 0    | 0    | 0    | 57    | 60    |
| Small Dollar Financing U.S. House Elections (Sec 5111)  |                                     |      |      |      |      |      |       |      |      |      |      |       |       |
| Estimated Budget Authority  | 0                                   | 0    | 0    | 0    | 0    | 0    | 50    | 500  | 150  | 600  | 250  | 0     | 1,550 |
| Estimated Outlays   | 0                                   | 0    | 0    | 0    | 0    | 0    | 50    | 500  | 150  | 600  | 250  | 0     | 1,550 |
| Presidential Election Campaign Matching Funds Program (Sec 5200)                                  |                                     |      |      |      |      |      |       |      |      |      |      |       |       |
| Estimated Budget Authority  | 0                                   | 0    | 0    | 0    | 0    | 0    | 0     | 0    | 100  | 400  | 0    | 0     | 500   |
| Estimated Outlays   | 0                                   | 0    | 0    | 0    | 0    | 0    | 0     | 0    | 100  | 400  | 0    | 0     | 500   |
| Other Reductions in Direct Spending   |                                     |      |      |      |      |      |       |      |      |      |      |       |       |
| Estimated Budget Authority  | 0                                   | -23  | -31  | -31  | -31  | -31  | -31   | -31  | -31  | -31  | -31  | -147  | -302  |
| Estimated Outlays   | 0                                   | -5   | -10  | -13  | -27  | -28  | -29   | -29  | -29  | -29  | -29  | -83   | -228  |
| Total Direct Spending   |                                     |      |      |      |      |      |       |      |      |      |      |       |       |
| Estimated Budget Authority  | 0                                   | -23  | -25  | -10  | -22  | -10  | 22    | 469  | 219  | 969  | 219  | -90   | 1,808 |
| Estimated Outlays   | 0                                   | -5   | -4   | 8    | -18  | -7   | 24    | 471  | 221  | 971  | 221  | -26   | 1,882 |
| <b>Net Increases or Decreases (-) in the Deficit From Changes in Direct Spending and Revenues</b> |                                     |      |      |      |      |      |       |      |      |      |      |       |       |
| Effect on the On-Budget Deficit   | 0                                   | -114 | -142 | -145 | -183 | -183 | -161  | 279  | 23   | 767  | 11   | -767  | 152   |
| <b>Memorandum:</b>  |                                     |      |      |      |      |      |       |      |      |      |      |       |       |
| Balance in the Freedom From Influence Fund at the end of each year                                | 0                                   | 146  | 316  | 486  | 684  | 885  | 1,069 | 817  | 813  | 63   | 45   | n.a.  | n.a.  |

Sources: Congressional Budget Office and the Staff of the Joint Committee on Taxation.

Estimates relative to CBO's January 2019 baseline; n.a. = not applicable.

For more information, see the notes beginning on page 2.

a. This estimate does not include an analysis of spending subject to appropriation or an analysis of mandates under the Unfunded Mandates Reform Act



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**Revenues.** H.R. 1 would create an additional assessment on many criminal and civil penalties currently imposed by the federal government, or on related settlements, equal to 2.75 percent of the penalty or settlement amount. The proceeds from those additional assessments would be deposited into the Freedom From Influence Fund created under H.R. 1. The additional assessments on nontax penalties and settlements would generally apply only to organizations. The additional assessments on tax penalties would apply to all taxpayers except individual taxpayers whose taxable income does not exceed the dollar amount at which the top tax bracket begins.

CBO and the staff of the Joint Committee on Taxation (JCT) estimate that the assessments would increase revenues by \$144 million in 2020 and by \$1.9 billion over the 2020-2029 period. Those estimates are based on information from the Internal Revenue Service, the Office of Management and Budget, and other agencies. CBO and JCT estimate that the higher assessments would increase compliance, which would reduce the base of such penalties and settlements and also result in additional collections of income taxes. In addition, the assessments on civil monetary penalties and settlements would reduce the base for income and payroll taxes; consequently, the revenues from the assessments would be partially offset by lower income and payroll taxes. In total, CBO estimates those net effects would total \$35 million in 2020 and \$218 million over the 2020-2029 period.

**Freedom From Influence Fund.** The Freedom From Influence Fund would be the sole source of funding for three programs: the My Voice Voucher Pilot Program (proposed in section 5100); the Small Dollar Financing U.S. House Elections program, which would match certain small-dollar contributions to election campaigns for the House of Representatives (proposed in section 5111); and the Presidential Election Campaign Matching Funds Program, which provides matching funds for Presidential election campaigns (as amended in section 5200). The amounts in the fund would be credited with interest earnings based on the amounts available each year and those earnings also could be spent on the purposes of the fund. In total, CBO estimates that the Freedom From Influence Fund would be credited with about \$200 million in interest over the 2020-2029 period. Thus, over that period, spending from the fund (\$2.1 billion) would be greater than the revenues deposited into the fund (\$1.9 billion).

**My Voice Voucher Pilot Program.** H.R. 1 would direct the Federal Election Commission (FEC) to establish a pilot program in three states to reimburse those states for the cost of providing a voucher worth \$25 to any eligible voter in the state to use as contributions to candidates during U.S. House elections. The pilot program would operate for two election cycles. Each participating state would be limited to \$10 million in reimbursements from the federal government. Based on that limitation, CBO estimates that the voucher program would increase direct spending by \$57 million over the 2021-2024 period and by \$3 million in 2025.

**Small Dollar Financing U.S. House Elections.** H.R. 1 also would create a program to match certain qualifying campaign contributions with federal funds for candidates running for the House of Representatives who choose to comply with the program's requirements. Generally, candidates who accept campaign contributions of \$200 or less from individual donors would be eligible to receive federal matching funds at a rate of up to \$6 for every \$1 raised from donors. Eligible candidates would

need to meet certain other fundraising thresholds, and the bill would limit the total matching funds available to any individual candidate. The bill would not limit the total cost of providing matching funds for all participating candidates in any election cycle, but total expenditures would be limited to amounts available in the Freedom From Influence Fund.

Using data from the FEC, CBO finds that about 1,800 candidates run for the House in each election cycle and that total spending by candidates in recent cycles totals more than \$1 billion. Using data from the 2018 election cycle, CBO expects that under the new program more than 300 candidates would raise more from small donors (including the matching amounts at a 6-to-1 matching rate and with a maximum match of \$5 million) than they raised in total contributions during the last election cycle. CBO estimates that spending under this program would increase by \$600 million for the 2026 election (\$50 million in 2025, \$500 million in 2026, and \$50 million in 2027) and by \$800 million for the 2028 election (\$100 million in 2027, \$600 million in 2028, and \$100 million in 2029). CBO also estimates that about \$150 million would be spent in 2029 for the 2030 election cycle. Thus, CBO estimates that in total enacting this provision to provide matching funds for House elections would increase direct spending by about \$1.6 billion over the 2025-2029 period.

**Presidential Election Campaign Matching Funds Program.** Under current law, candidates for President can participate in a program that matches certain campaign contributions with federal funds. H.R. 1 would increase the matching rate of qualifying private donations up to \$6 for each \$1 contributed. Under the bill, the only source of funding for the amended program would be the Freedom From Influence Fund, and the program would not begin until the start of the 2028 Presidential campaign cycle.

Using information from the FEC about the past few election cycles, CBO finds that, on average, 16 to 18 major candidates run in each cycle. In addition, and using data on how much Presidential candidates collected and spent, CBO expects that about 50 percent of the campaigns would opt out of the new matching system because they would either collect more than the \$250 million cap on matching funds or would not raise enough to meet the participation requirements. Of the remaining 8 candidates, CBO estimates that 4 would raise about \$15 million (with a \$90 million match) and 4 would raise about \$5 million (with a \$30 million match). Thus, CBO estimates that increasing the matching rate would increase federal outlays by about \$500 million over the 2027-2028 period.

**Other Reductions in Direct Spending.** As discussed above, CBO and JCT expect that the increased assessment on criminal and civil penalties would reduce the amount of penalties and settlements collected under current law, in part because of increased compliance with the law. Some of those penalties and settlements are transferred to other trust funds under current law and can be spent without future appropriation. Thus, reducing penalties and settlements (which are recorded as revenues) also would reduce the spending of those collections. CBO estimates that, on net, increasing assessments would result in a decrease in direct spending totaling \$5 million in 2020 and about \$230 million over the 2020-2029 period.