CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 26, 2013

H.R. 94
A bill to amend the Internal Revenue Code of 1986 to prohibit the use of public funds for political party conventions

As ordered reported by the Committee on House Administration on June 4, 2013

SUMMARY

H.R. 94 would amend federal law to prohibit the use of public funds for political campaign conventions. By eliminating that option, CBO estimates that enacting H.R. 94 would reduce direct spending by $126 million over the 2014-2023 period. In addition, the legislation would affect direct spending and 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); CBO estimates, however, that any such effects would not be significant. Because the bill would affect direct spending and revenues, pay-as-you-go procedures apply. The staff of the Joint Committee on Taxation (JCT) estimates that enacting the legislation would have no impact on federal income tax revenues.

JCT has determined that H.R. 94 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 impact of H.R. 94 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											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	-40	0	0	0	-42	0	0	0	-44	-40	-126

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted before the end of 2013. We estimate that enacting the bill would reduce direct spending but would have no significant effect on revenues (including penalties).

The Presidential Election Campaign Fund (PECF) provides money for Presidential election campaigns including political party conventions. 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 has gradually diminished in recent years along with the amounts credited to the fund. In 2012, $35 million was credited to the fund and during the most recent Presidential campaign, spending from the PECF totaled $36 million for political conventions organized by the two major political parties. In addition, the two major party candidates did not accept public funding for their campaigns and other candidates received a little more than $1 million for their campaigns.

CBO estimates that eliminating the use of the PECF to fund political campaign conventions would reduce direct spending by $126 million over the 2014-2023 period. That estimate is based on PECF spending on political conventions over the last two Presidential election cycles.

Reducing the use of the PECF could reduce the administrative costs that the Federal Election Commission incurs to oversee the use of amounts drawn from that fund during Presidential election campaign cycles. However, because of the diminished use of the funds in recent years, CBO expects any such savings would be insignificant.

Enacting H.R. 94 could affect federal revenues by decreasing the collection of fines for violating campaign finance law. Such collections are recorded in the budget as revenues and, in certain cases, such amounts may be spent without further appropriation. CBO estimates that any net changes in revenues and associated direct spending would be insignificant because of the small number of possible violations.

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. 94, as ordered reported by the Committee on House Administration on June 4, 2013

	By Fiscal Year, in Millions of Dollars												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013-2018	2013-2023
NET INCREASE OR DECREASE (-) IN THE [ON-BUDGET] DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	-40	0	0	0	-42	0	0	0	-44	-40	-126

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 94 contains no intergovernmental or private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On June 21, 2013, CBO transmitted a cost estimate for H.R. 95, a bill to reduce federal spending and the deficit by terminating taxpayer financing of Presidential election campaigns and party conventions, as ordered reported by the Committee on House Administration on June 4, 2013. On May 13, 2013, CBO transmitted a cost estimate for H.R. 2019, the Kids First Research Act of 2013, as introduced on May 16, 2013. The three bills would affect the Presidential Election Campaign Fund. H.R. 95 and H.R. 2019 have identical provisions that would eliminate the PECF, while under H.R. 94, spending for presidential party conventions would end but other spending could continue. Those differences are reflected in the CBO cost estimates.

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