

TO REDUCE FEDERAL SPENDING AND THE DEFICIT BY TERMINATING
TAXPAYER FINANCING OF PRESIDENTIAL ELECTION CAMPAIGNS AND
PARTY CONVENTIONS

DECEMBER 12, 2013.—Ordered to be printed

Mrs. MILLER of Michigan, from the Committee on House
Administration, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 95]

[Including cost estimate of the Congressional Budget Office]

The Committee on House Administration, to whom was referred the bill (H.R. 95) to reduce Federal spending and the deficit by terminating taxpayer financing of presidential election campaigns and party conventions, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE AND SUMMARY

H.R. 95 eliminates the Presidential Election Campaign Fund (PECF). The PECF is an inefficient and wasteful use of taxpayer dollars at a time when the national debt exceeds \$16 trillion. Eliminating the PECF will have little impact on Presidential campaigns, as credible major party politicians have ceased using it. Taxpayers would no longer fund the elaborate party nominating conventions where millions of dollars of taxpayer money is spent on building elaborate stages, providing catering for politicians, and giving gift bags away to attendees. The PECF is an idea whose time has passed. H.R. 95 would eliminate the wasteful spending of the PECF and return the remaining balance to the taxpayer while avoiding greater deficits in the future.

BACKGROUND AND NEED FOR THE LEGISLATION

In 1976, the Presidential Election Campaign Fund (PECF) was first used in a Presidential Election Campaign. Continuing from

1976 to 2008, every major party's nominee for President participated in some form in the PECF. Starting in 2008, Barack Obama was the first major party Presidential nominee to decline general election funding. In 2012, neither major party's nominee accepted PECF funding for the general election.

The American people have rejected the idea of contributing to taxpayer-financed elections. In 1980, approximately 28.7% of taxpayers participated in the voluntary tax checkoff system that funds the PECF. By 2012, the number participating in the voluntary tax checkoff system had dwindled to only 5.1% of taxpayers. The decline in support occurred despite taxpayers having absolutely no difference in their tax liability if the taxpayer elected the checkoff. Each year the American people evaluate whether to fund the PECF and each year fewer and fewer Americans elect to participate in PECF.

The PECF consists of three components: the primary matching funds, general election grants, and party nominating convention funding. Each of these components is an inefficient use of taxpayer dollars.

Party nominating conventions received approximately \$36 million last year (evenly split) from taxpayers to put on the elaborate affairs to officially nominate a party's nominee. This money comes in addition to the money that parties have raised from individual and corporate donors. H.R. 95 would eliminate the taxpayer subsidy for the nominating conventions and force political parties to raise from individual and corporate donors the totality of any money they wish to spend on party nominating conventions.

The PECF election grants, both primary and general, have seen little use by successful candidates in recent years. Major party candidates avoid taking primary matching funds because doing so would be a death knell for their candidacy. Since President Obama's rejection of the PECF general election grant in 2008, he again rejected general election grants. Mitt Romney, the Republican nominee, also rejected general election grants. Politicians are also rejecting using the PECF.

CONCLUSION

Since taxpayers and politicians are already rejecting the PECF, the PECF should be eliminated and the taxpayer funds diverted to be used for other programs.

INTRODUCTION AND REFERRAL

On January 3, 2013, Congressman Tom Cole of Oklahoma introduced H.R. 95, which was referred to the Committee on Ways and Means, in addition to the Committee on House Administration.

HEARINGS

There were no legislative hearings held on H.R. 95.

COMMITTEE CONSIDERATION

On June 4, 2013, the Committee on House Administration met to consider H.R. 95. The Committee ordered the bill reported favor-

ably to the House without amendment by voice vote with a quorum present.

COMMITTEE RECORD VOTES

In compliance with House Rule XIII, clause 3(b), requiring the results of each record vote on an amendment or motion to report, together with the names of those voting for and against, to be printed in the Committee report, the Committee states that there were no record votes during the Committee's consideration of H.R. 95.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

In compliance with House Rule XIII, clause 3(c)(1), the Committee states that the findings and recommendations of the Committee, based on oversight activities under House Rule X, clause 2(b)(1), are incorporated into the general discussion section of this report.

STATEMENT OF BUDGET AUTHORITY AND RELATED ITEMS

The bill does not provide new budget authority, new spending authority, new credit authority, or an increase or decrease in revenues or tax expenditures and a statement under House Rule XIII, clause 3(c)(2), and section 308(a)(1) of the Congressional Budget Act of 1974 is not required.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

JUNE 21, 2013.

Hon. CANDICE MILLER,
Chairman, Committee on House Administration,
House of Representatives, Washington, DC.

DEAR MADAM CHAIRMAN: The Congressional Budget Office has prepared the enclosed 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.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Maggie Morrissey and Matthew Pickford.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

H.R. 95—A bill to reduce federal spending and the deficit by terminating taxpayer financing of Presidential election campaigns and party conventions

Summary: H.R. 95 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 end authority to spend such funds on Presidential campaigns and

transfer all balances in that fund to the general fund of the Treasury. CBO estimates that enacting H.R. 95 would reduce direct spending by \$130 million over the 2014–2023 period. In addition, the legislation would affect 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. 95 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. 95 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	–34	–33	–32	–31	–30	–29	–28	–27	–26	–25	–160	–295
Estimated Outlays	0	–40	–2	0	0	–42	–2	0	0	–44	–42	–130

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 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) 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. During the most recent Presidential campaign, spending from the PECF totaled about \$37 million—\$36 million of that amount went toward political conventions organized by the two major political parties. The two major party candidates did not accept any PECF funds for their campaigns; other candidates received a little more than \$1 million for their campaigns.

CBO estimates that terminating the PECF would reduce direct spending by \$130 million over the 2014–2023 period. That estimate is based on PECF spending over the last two Presidential election cycles and reflects CBO’s assumptions about the number of taxpayers that would likely designate funds for the PECF over the 2014–2023 period and the amount of public funding that we expect the major political parties to request for costs related to upcoming Presidential elections.

Eliminating 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. 95 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. 95, 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	–2	0	0	–42	–2	0	0	–44	–42	–130

Intergovernmental and private-sector impact: JCT has determined that H.R. 95 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

Previous CBO estimate: On May 17, 2013, CBO transmitted a cost estimate for H.R. 2019, the Kids First Research Act of 2013, as introduced on May 16, 2013. That bill also would eliminate the PECF and end the authority to spend funds in that account on Presidential campaigns or conventions, and our estimates of savings stemming from such changes under both bills are the same.

Estimate prepared by: Federal Spending: Maggie Morrissey and Matthew Pickford; Impact on Intergovernmental and Private-Sector Mandates: Joint Committee on Taxation.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

PERFORMANCE GOALS AND OBJECTIVES

In compliance with House Rule XIII, clause 3(c)(4), the Committee states that the general discussion section of this report includes a statement of the general performance goals and objectives, including outcome-related goals and objectives, for which H.R. 95 authorizes funding.

CONSTITUTIONAL AUTHORITY STATEMENT

Congress has the power to enact this legislation pursuant to Amendment XVI of the U.S. Constitution relating to the collection of income tax and additionally to Article I, Section 4 of the U.S.

Constitution granting Congress the authority to make laws governing the time, place and manner of holding Federal elections.

ADVISORY ON EARMARKS

In accordance with House Rule XXI, clause 9, the Committee states that H.R. 95 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1986

* * * * *

Subtitle F—Procedure and Administration

* * * * *

CHAPTER 61—INFORMATION AND RETURNS

* * * * *

Subchapter A—Returns and Records

* * * * *

PART VIII—DESIGNATION OF INCOME TAX PAYMENTS TO PRESIDENTIAL ELECTION CAMPAIGN FUND

* * * * *

SEC. 6096. DESIGNATION BY INDIVIDUALS.

(a) * * *

* * * * *

(d) *TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2011.*

* * * * *

Subtitle H—Financing of Presidential Election Campaigns

* * * * *

**CHAPTER 95—PRESIDENTIAL ELECTION
CAMPAIGN FUND**

* * * * *
Sec. 9014. Termination.

* * * * *

SEC. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.

(a) * * *

* * * * *

(d) TRANSFER OF FUNDS REMAINING AFTER TERMINATION.—The Secretary shall transfer all amounts in the fund after the date of the enactment of this section to the general fund of the Treasury, to be used only for reducing the deficit.

* * * * *

SEC. 9014. TERMINATION.

The provisions of this chapter shall not apply with respect to any presidential election (or any presidential nominating convention) after the date of the enactment of this section, or to any candidate in such an election.

**CHAPTER 96—PRESIDENTIAL PRIMARY
MATCHING PAYMENT ACCOUNT**

* * * * *
Sec. 9043. Termination.

* * * * *

SEC. 9043. TERMINATION.

The provisions of this chapter shall not apply to any candidate with respect to any presidential election after the date of the enactment of this section.

* * * * *

MINORITY VIEWS OF RANKING MEMBER ROBERT A. BRADY,
REP. ZOE LOFGREN AND REP. JUAN VARGAS

We oppose H.R. 95 in its current form as we did in all of its previous iterations. The campaign-funding function of the Presidential Election Campaign Fund has been a very popular option for qualifying candidates. Since the funds' inception in 1976, every major party nominee opted for public funding except Democratic nominee Barack Obama in 2008 while Republican nominee John McCain accepted public funding that year. The 2012 presidential election marked the first time neither major party nominee opted for public financing. The advent of the Internet for fundraising purposes particularly the ease in which a candidate can receive many small dollar contributions has significantly undermined the convenience of the "check off" mechanism of the PECF. This is not to say, however, that the PECF itself has outlived its usefulness.

The PECF is the only public campaign funding system that exists at the federal level and qualified candidates that use it are barred from raising any other funds during the general election. Since the *SpeechNow* and *Citizens United* decisions, a tidal wave of secret unlimited dollars have inundated our elections and drowned out the voices of those that are less fortunate. By preserving and modernizing the PECF to make it a more viable option for qualified candidates, we can ensure that campaigns are financed by taxpayers so candidates are not indebted to well-heeled special interests. Terminating public financing puts our democracy up for sale. Our goal as a Congress should be to eliminate any outside influence that jeopardizes the duty elected officials owe to the public, not to make it easier for money to influence decision-making. Unfortunately, that is all this bill accomplishes.

Because presidential election years see a dramatic increase in turnout compared to midterm elections, the Democrats of the Committee on House Administration offered an amendment to H.R. 94 that would have reserved a small portion of the PECF balance for the Election Assistance Commission (EAC) to improve election administration in presidential election years on behalf of military members, elderly voters, and disabled voters. This amendment was unfortunately rejected by the Committee on House Administration Republicans.

ROBERT A. BRADY.

ZOE LOFGREN.

JUAN VARGAS.

○