

TERMINATION OF TAXPAYER FINANCING OF
PRESIDENTIAL ELECTION CAMPAIGNS

DECEMBER 3, 2015.—Ordered to be printed

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

R E P O R T

[To accompany H.R. 412]

[Including cost estimate of the Congressional Budget Office]

The Committee on House Administration, to whom was referred the bill (H.R. 412) to reduce Federal spending and the deficit by terminating taxpayer financing of presidential election campaigns, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE AND SUMMARY

H.R. 412 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 \$18 trillion. Eliminating the PECF will have little impact on Presidential campaigns, as credible major party politicians have ceased using it. The PECF is an idea whose time has passed. H.R. 412 would eliminate the PECF and transfer \$88,202,400 to the 10-Year Pediatric Research Initiative while transferring the remainder to the general fund of the Treasury, to be used only for reducing the deficit.

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 to participate. 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 two components: the primary matching funds and general election grants. Each of these components is an inefficient use of taxpayer dollars.

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. Following President Obama's rejection of the PECF general election grant in 2008, he again rejected general election grants in 2012. Mitt Romney, the Republican nominee, also rejected general election grants in 2012. Politicians themselves are rejecting the PECF.

H.R. 412 would transfer \$88,202,400 to the 10-Year Pediatric Research Initiative. The 10-Year Pediatric Research Initiative, described under 42 U.S. Code 284h, provides for research funds to fight and to find a cure for childhood diseases. The remainder of the account balance, roughly \$170 million, would be transferred to the Treasury to be used for paying down our country's \$18 trillion debt. H.R. 412 reflects congressional priorities of funding research to end childhood diseases and paying down our debt over funding a little used campaign fund.

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 such as the 10-Year Pediatric Research Initiative and paying down the national debt.

INTRODUCTION AND REFERRAL

On January 20, 2015, Congressman Tom Cole of Oklahoma introduced H.R. 412, 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. 412.

COMMITTEE CONSIDERATION

On March 2, 2015, the Committee on House Administration met to consider H.R. 412. The Committee ordered the bill reported favorably 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. 412.

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:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 13, 2015.

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. 412, a bill to reduce federal spending and the deficit by terminating taxpayer financing of Presidential election campaigns.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

ROBERT A. SUNSHINE,
(Douglas W. Elmendorf).

Enclosure.

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

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 PECF 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
Statutory Pay-As-You-Go Impact	0	-2	0	0	0	-2	0	0	0	-2	0	-4	-6
	NET DECREASE (-) IN THE DEFICIT												

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

Estimate prepared by: Federal Spending: Jamease Miles and Matthew Pickford; Intergovernmental and Private-Sector Mandates: Staff of the 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. 412 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. 412 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

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Subtitle F—Procedure and Administration

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CHAPTER 61—INFORMATION AND RETURNS

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Subchapter A—Returns and Records

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

SEC. 6096. DESIGNATION BY INDIVIDUALS.

(a) **IN GENERAL.**—Every individual (other than a nonresident alien) whose income tax liability for the taxable year is \$3 or more may designate that \$3 shall be paid over to the Presidential Election Campaign Fund in accordance with the provisions of section 9006(a). In the case of a joint return of husband and wife having an income tax liability of \$6 or more, each spouse may designate that \$3 shall be paid to the fund.

(b) **INCOME TAX LIABILITY.**—For purposes of subsection (a), the income tax liability of an individual for any taxable year is the amount of the tax imposed by chapter 1 on such individual for such taxable year (as shown on his return), reduced by the sum of the credits (as shown in his return) allowable under part IV of subchapter A of chapter 1 (other than subpart C thereof).

(c) **MANNER AND TIME OF DESIGNATION.**—A designation under subsection (a) may be made with respect to any taxable year—

(1) at the time of filing the return of the tax imposed by chapter 1 for such taxable year, or

(2) at any other time (after the time of filing the return of the tax imposed by chapter 1 for such taxable year) specified in regulations prescribed by the Secretary.

Such designation shall be made in such manner as the Secretary prescribes by regulations except that, if such designation is made at the time of filing the return of the tax imposed by chapter 1 for such taxable year, such designation shall be made either on the first page of the return or on the page bearing the taxpayer’s signature.

(d) **TERMINATION.**—*This section shall not apply to taxable years beginning after December 31, 2014.*

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**Subtitle H—Financing of Presidential
Election Campaigns**

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**CHAPTER 95—PRESIDENTIAL ELECTION
CAMPAIGN FUND**

Sec. 9001. Short title.

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Sec. 9014. Termination.

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SEC. 9006. PAYMENTS TO ELIGIBLE CANDIDATES.

(a) **ESTABLISHMENT OF CAMPAIGN FUND.**—There is hereby established on the books of the Treasury of the United States a special fund to be known as the “Presidential Election Campaign Fund”. The Secretary of the Treasury shall, from time to time, transfer to the fund an amount not in excess of the sum of the amounts des-

ignated (subsequent to the previous Presidential election) to the fund by individuals under section 6096. There is appropriated to the fund for each fiscal year, out of amounts in the general fund of the Treasury not otherwise appropriated, an amount equal to the amounts so designated during each fiscal year, which shall remain available to the fund without fiscal year limitation.

(b) PAYMENTS FROM THE FUND.—Upon receipt of a certification from the Commission under section 9005 for payment to the eligible candidates of a political party, the Secretary of the Treasury shall pay to such candidates out of the fund the amount certified by the Commission. Amounts paid to any such candidates shall be under the control of such candidates.

(c) INSUFFICIENT AMOUNTS IN FUND.—If at the time of a certification by the Commission under section 9005 for payment to the eligible candidates of a political party, the Secretary determines that the moneys in the fund are not, or may not be, sufficient to satisfy the full entitlements of the eligible candidates of all political parties, he shall withhold from such payment such amount as he determines to be necessary to assure that the eligible candidates of each political party will receive their pro rata share of their full entitlement. Amounts withheld by reason of the preceding sentence shall be paid when the Secretary determines that there are sufficient moneys in the fund to pay such amounts, or portions thereof, to all eligible candidates from whom amounts have been withheld, but, if there are not sufficient moneys in the fund to satisfy the full entitlement of the eligible candidates of all political parties, the amounts so withheld shall be paid in such manner that the eligible candidates of each political party receive their pro rata share of their full entitlement. In any case in which the Secretary determines that there are insufficient moneys in the fund to make payments under subsection (b), section 9008(i)(2), and section 9037(b), moneys shall not be made available from any other source for the purpose of making such payments.

(d) TRANSFER OF FUNDS REMAINING AFTER TERMINATION.—Of the amounts in the fund as of the date of the enactment of this subsection—

(1) the Secretary shall transfer \$88,202,400 to the 10-Year Pediatric Research Initiative Fund described in section 9008(i)(2), to be available as described in such section; and

(2) the Secretary shall transfer the remainder to the general fund of the Treasury, to be used only for reducing the deficit.

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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. 9031. Short title.

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Sec. 9043. Termination.

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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.

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