



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 9, 2001

**H.R. 2360
Campaign Finance Reform and Grassroots Citizen Participation
Act of 2001**

As ordered reported by the Committee on House Administration on June 28, 2001

SUMMARY

H.R. 2360 would make numerous amendments to the Federal Election Campaign Act of 1971. For elections occurring after December 2002, the bill would:

- Raise the amounts that individuals can contribute each year,
- Place restrictions on the solicitation and use of so-called “soft-money” by national political parties, and
- Require additional filings by political committees with the Federal Election Commission (FEC) for certain expenditures.

CBO estimates that implementing H.R. 2360 would cost about \$2 million annually, subject to the availability of appropriated funds, to cover administrative and compliance costs of the FEC. Enacting the bill would not affect direct spending or receipts, so pay-as-you-go procedures would not apply.

H.R. 2360 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. H.R. 2360 would impose private-sector mandates, as defined by UMRA, but CBO estimates that the direct costs of those mandates would fall below the annual threshold established by UMRA (\$113 million in 2001, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Based on information from the FEC, CBO estimates that the commission would spend \$1 million to \$2 million in fiscal year 2002 to reconfigure its information systems to handle the anticipated increase in workload from accepting and processing more campaign contribution filings, to write new regulations implementing the bill's provisions, and to print and mail information to candidates and election committees about the new requirements.

After 2002, the FEC would need to ensure compliance with the bill's provisions and investigate possible violations. Beginning in fiscal year 2003, CBO estimates that implementing H.R. 2360 would cost about \$2 million a year, mainly for additional enforcement and litigation staff. All additional spending by the FEC would be subject to the availability of appropriated funds.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 2360 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATED IMPACT OF THE PRIVATE SECTOR

H.R. 2360 would impose new private-sector mandates on national political party committees, contributors to such committees, and persons who pay for certain election-related communications. The bill would prohibit national party committees from using soft money for certain election activities. (Soft money is those funds raised by national parties from sources and in amounts that are not subject to regulation under the Federal Election Campaign Act.) The national party committees would have to compile and track soft money contributions by source and by spending activity. Since the national party committees currently perform such administrative bookkeeping for funds raised and spent in accordance with the Federal Election Campaign Act, CBO estimates that the additional costs for the national party committees to perform such functions for soft money would be minimal. The bill would impose a private-sector mandate on individuals and organizations by limiting soft money donations to national party committees to \$75,000 per year. CBO estimates that the cost for individuals and organizations to comply with the soft money limitation would be minimal.

The bill also would impose private-sector mandates on individuals and organizations who make disbursements within 120 days of a federal election for:

- Certain broadcast communications that mention a clearly identified candidate, or
- Communications made through any form of mass media and targeted to voters in excess of \$50,000 per year.

The bill would require such entities to report certain information to the FEC within 24 hours. Based on information from the FEC, CBO estimates that the cost of filing this information would be small. CBO estimates, therefore, that the total direct costs of the mandates would fall below the annual threshold established by UMRA for private-sector mandates (\$113 million in 2001, adjusted annually for inflation).

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