



Should Taxpayers Help Fund Presidential Election Campaigns?

by Amy K. Frantz

On the federal income tax form 1040, between the space for the name and address label and the filing status section is the Presidential Election Campaign Fund check-off box. This box gives each taxpayer the opportunity to have \$3 placed in a fund to help pay for the campaigns of candidates for President.

This voluntary check-off for public funding of elections was part of the campaign finance overhaul legislation passed in 1974. Presidential candidates can receive funds for the primary and general elections, but must agree to abide by certain rules.

In order to be eligible for primary election funding, a presidential candidate must raise at least \$5,000 in twenty different states, and individual donors may only give up to \$250 each toward that goal (a donor can give more, up to the federal limits, but only the first \$250 will count toward eligibility for public funding). Candidates must agree to spending limits for the primary election, based on the 1974 limit, adjusted for inflation, which was \$33.8 million for the 2000 primary election season. Candidates receiving funds from the Presidential Election Campaign fund must keep certain records and submit to an audit by the Federal Election Commission.¹

The Presidential nominees may also receive public funding for the general election. In the 2000 general election, the two major-party nominees, Al Gore and George W. Bush, each received \$67.6 million to cover campaign expenses. Third party candidates may also receive public funding for the general election campaign. If a third party received at least five percent of the vote in the prior election, that party's nominee can receive funds based on the share of the popular vote received in that election.²

Finally, political parties also receive public funds to help cover the cost of their nominating conventions. In 2000, the two major parties each received \$13.5 million, while the Reform Party received \$2.5 million.³

The goals of the 1974 campaign finance overhaul and the creation of the Presidential Election Campaign fund may have seemed noble at the time, but have gone largely unfulfilled. One of the intentions was to reduce the influence of large contributions, but those contributions continue to find their way into politics, through political action committees or "527s," the tax-exempt groups accepting unlimited donations for issue ads.

The Presidential Election Campaign fund was also expected to ease the burdens of fundraising for candidates, leaving them more time to discuss the issues and meet with voters. But recent candidates have rejected public financing, at least for the primary election. George W. Bush turned down public funding for the primary election in 2000 and has done so again in 2004. John Kerry has opted out of primary election public funding this year. Howard Dean also planned to reject public funding before primary voters rejected him.

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Public Interest Institute at Iowa Wesleyan College

600 North Jackson Street

Mt. Pleasant, Iowa 52641-1328

Phone: 319-385-3462 Fax: 319-385-3799

E-Mail: public.interest.institute@limitedgovernment.org Website: www.limitedgovernment.org

Several candidates in this primary election season were more than happy to accept public funding for their campaigns. In a January news release, the Federal Election Commission certified matching funds for six presidential candidates: Clark, Edwards, Gephardt, Kucinich, LaRouche, and Lieberman.⁴ However, the funds were not available for the full payments for these candidates. Instead, according to the FEC, the candidates would receive partial payment until the Presidential Election Campaign fund could be replenished by future check-off designations on the 2003 income tax form.

When the check-off for the Presidential Election Campaign fund began, participation was around 25% of tax returns. Participation has now dropped to around 12% of tax returns.⁵ To avoid shortfalls in funding, the check off was increased from \$1 to \$3 on the income tax form.

Why has participation decreased in recent years? Perhaps more taxpayers no longer wish to contribute tax dollars to presidential campaigns that seem to be able to raise large campaign funds on their own. George W. Bush has raised in excess of \$100 million for the primary election, and John Kerry has pledged to raise at least \$80 million for his campaign.⁶

Other candidates may claim they need public funding to remain in the race and be able to compete with the front-runners. But, like it or not, raising campaign funds is one test of viability of a candidate. If a candidate cannot inspire voters to contribute to the campaign, it seems unlikely the candidate will receive enough voter support to bring success at the ballot box. Why should hard-working American taxpayers provide funds to help those candidates limp along a few more weeks or months before they drop out of the race?

The Presidential Election Campaign section on the federal income tax form includes a note: *Checking "Yes" will not change your tax or reduce your refund.* But most taxpayers realize that checking this box does not make three dollars magically appear in the offices of the Federal Election Commission. Those funds may not increase the tax outright on the tax form, but the funding has to come from somewhere. Do we want our tax dollars going to candidates who can raise \$80 to \$100 million plus on their own? Do they really need our help?

ENDNOTES:

¹John Samples, "The Failures of Taxpayer Financing of Presidential Campaigns," Cato Institute *Policy Analysis*, No. 500, November 25, 2003, p. 2; and "Presidential Campaign Finance," <<http://www.gwu.edu/~action/2004/presfin04.html>>, n.d., (February 25, 2004).

²"Presidential Campaign Finance," <<http://www.gwu.edu/~action/2004/presfin04.html>>, n.d., (February 25, 2004).

³Tom McClusky, "From New Hampshire to the White House: How the American Taxpayer Financed the Presidential 'Superbowl'," National Taxpayers Union Foundation Issue Brief, No. 131, December 13, 2000, <http://www.ntu.org/main/press_issuebriefs_printable.php?PressID+353&org_name+NTUF>, (February 25, 2004).

⁴"FEC Approves Matching Funds for 2004 Presidential Candidates," News Release, January 30, 2004, <<http://www.fec.gov/press/press2004/20040130matching.html>>, (February 25, 2004).

⁵John Samples, "The Failures of Taxpayer Financing of Presidential Campaigns," Cato Institute *Policy Analysis*, No. 500, November 25, 2003, pp. 10-11.

⁶Jeanne Cummings, "Kerry Seeks United Front for Donors," Wall Street Journal Online, <http://online.wsj.com/article_print/0,,SB107842988462046745,00.HTML>, (March 5, 2004).

Amy K. Frantz is a Research Analyst with Public Interest Institute.

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