

H.R. 5746, Freedom to Vote: John R. Lewis Act, as passed by the House of Representatives on January 13, 2022

Estimated Effects on Direct Spending and Revenues ^a

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2026	2022-2031
Increases or Decreases (-) in Revenues												
State Election Assistance and Innovation Trust Fund	43	284	315	336	355	372	386	399	409	420	1,333	3,319
Other Revenue	-8	-47	-36	-28	-24	-20	-16	-13	-12	-10	-143	-214
Total Revenue	35	237	279	308	331	352	370	386	397	410	1,190	3,105
Increases or Decreases (-) in Direct Spending												
Democracy Advancement and Innovation Program												
Estimated Budget Authority	43	284	315	336	355	372	386	399	409	420	1,333	3,319
Estimated Outlays	0	327	315	336	355	372	386	399	409	420	1,333	3,319
Other Changes in Direct Spending												
Estimated Budget Authority	-4	-53	-53	-53	-53	-54	-54	-54	-54	-55	-216	-487
Estimated Outlays	*	-26	-31	-37	-41	-41	-42	-42	-42	-43	-135	-345
Total Direct Spending												
Estimated Budget Authority	39	231	262	283	302	318	332	345	355	365	1,117	2,832
Estimated Outlays	*	301	284	299	314	331	344	357	367	377	1,198	2,974
Increases or Decreases (-) in the Deficit From Changes in Direct Spending and Revenues												
Effect on the Deficit	-35	64	5	-9	-17	-21	-26	-29	-30	-33	8	-131

Memorandum:

Balance in the State Election Assistance and Innovation Trust Fund at the end of each year

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022-2026	2022-2031
43	0	0	0	0	0	0	0	0	0	n.a.	n.a.

Sources: Congressional Budget Office and the Staff of the Joint Committee on Taxation.

Estimates relative to CBO's February 2021 baseline; n.a. = not applicable; * = between -\$500,000 and zero.

For more information, see the notes beginning on page 2.

a. This estimate does not include an analysis of spending subject to appropriation or an analysis of mandates under the Unfunded Mandates Reform Act.



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CBO and the staff of the Joint Committee on Taxation (JCT) estimate that enacting H.R. 5746 would reduce the deficit, on net, by \$35 million in 2022 and by \$131 million over the 2022-2031 period.

Revenues

State Election Assistance and Innovation Trust Fund. H.R. 5746 would create an additional assessment on many criminal and civil penalties currently imposed by the federal government, or on related settlements, equal to 4.75 percent of the penalty or settlement amount. The proceeds from those additional assessments would be deposited into the State Election Assistance and Innovation Trust Fund created under the act. The additional assessments on nontax penalties and settlements would generally apply only to organizations. The additional assessments on tax penalties would apply to all taxpayers except individuals whose taxable income does not exceed the dollar amount at which the top tax bracket begins.

CBO and JCT estimate that the new assessments would increase revenues by \$43 million in 2022 and by \$3.3 billion over the 2022-2031 period. Those estimates are based on information from the Internal Revenue Service, the Office of Management and Budget, and other agencies.

Other Revenues. However, CBO and JCT estimate that the higher assessments also would reduce the base collections of such penalties and settlements for several reasons, in particular because we expect that compliance would increase, and because assessed parties' ability to pay would be limited. (A portion of those penalties and settlements—estimated to be \$488 million over the 2022-2031 period—are available under current law to spend without future appropriation and the effect of the act on that direct spending is discussed below.)

In addition, JCT estimates that the higher assessments on tax penalties would result in additional collections of income taxes. On net, CBO and JCT estimate those effects (the reduction in the base collection of penalties and the increased income tax collections) would reduce revenues by \$8 million in 2022 and by \$214 million over the 2022-2031 period.

Taken together, CBO and JCT estimate enacting H.R. 5746 would increase net revenues by \$3.1 billion over the 2022-2031 period.

Direct Spending

Democracy Advancement and Innovation Program. The act would establish the Office of Democracy Advancement and Innovation to make annual payments to each state to carry out activities to promote democracy. The office also would oversee the operation of the State Election Assistance and Innovation Trust Fund (Fund). The Fund would be the sole source of funding to the states to:

- Administer elections, including voting equipment and registration systems, training election officials, and securing voting locations (section 8001);
- Operate the Democracy Credit Program (section 8102), which would give eligible voters a voucher that could be used to make certain campaign contributions; and

- Offer small dollar financing of elections for the House of Representatives (section 8111).

CBO estimates that spending on those programs, which would be limited to the amounts available in the Fund, would total \$3.3 billion over the 2022-2031 period.

Other Changes in Direct Spending. As discussed above, CBO and JCT expect that the increased assessment on criminal and civil penalties would reduce the amount of penalties and settlements collected under current law, in part because of increased compliance with the law. Some of those penalties and settlements are transferred to other trust funds under current law and can be spent without future appropriation. Thus, reducing penalties and settlements also would reduce the spending of those collections. Over the 2022-2031 period CBO estimates that the reduction in revenues would decrease direct spending by \$346 million. That amount is smaller than the corresponding decrease in revenues primarily because there is a lag between when amounts become available to obligate and when they are spent.

In addition, H.R. 5746 would direct the Consumer Financial Protection Bureau (CFPB) to develop a uniform statement, in consultation with the Election Assistance Commission, to inform renters and homebuyers about their voting rights and how they can register to vote. The CFPB has permanent authority, not subject to annual appropriation, to spend amounts transferred from the Federal Reserve to implement the requirements in the act. CBO estimates that enacting this provision would increase direct spending for the CFPB by about \$1 million over the 2022-2031 period.