

FEDERAL ELECTION COMMISSION



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FEC AGAIN WARNS OF SERIOUS REPERCUSSIONS FROM DROP IN TAX FUND PARTICIPATION

WASHINGTON -- The agency responsible for monitoring the public monies given to and spent by Presidential campaigns is again warning there may not be sufficient funds available for all candidates involved in the 1992 Presidential primaries.

During budget testimony before a Congressional subcommittee, Lee Ann Elliott, Chairman of the Federal Election Commission, said, "When we appeared before you last year, we indicated the Fund would not be able to fully finance the 1996 Presidential campaign. The problem is more serious than we thought. It now appears that a shortfall will occur during the 1992 Presidential election."

Mrs. Elliott stressed that one of the main reasons for the projected deficit is the fact that deposits into the Fund are not indexed for inflation, as are the payouts to qualified candidates. She noted that the amount contributed by any person desiring to participate remains fixed at \$1 - the same amount that taxpayers could designate on their 1972 tax forms. Yet, the amounts given to general election candidates have risen from \$44 million in 1976, to \$92 million in 1988.

The FEC Chairman also emphasized the decline in taxpayer participation. "Between 1987 and 1988, 638,000 fewer persons checked off. Between 1988 and 1989, 728,000 fewer persons checked off."

In a related release, the IRS issued a statement Wednesday reminding taxpayers who have not yet filed their 1989 federal income tax returns that they can designate one dollar to help fund presidential elections and that this designation does not change the amount of tax owed or reduce the amount of their refund. The release reiterated that the designations have no impact on the computation of tax liability.

The Commission is also preparing its annual package of legislative proposals to Congress and has, as a priority, recommended that Congress amend the Revenue Act to ensure that sufficient funds will be in the Fund to cover anticipated outlays and to prevent future imbalances.

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