The Cost and Procedures of Establishing
An Electronic Reporting System for 527 Committees
As Proposed in H.R. 5596

October 17, 2002

These following conclusions are based on five years of annual surveys of state elections agencies on the development and costs of their electronic reporting systems:

• The median cost of setting up a complete state electronic reporting system—which includes a mandatory filing requirement and a searchable and downloadable database on the Internet—has run about $420,000 for initial start-up costs, and 20% of that initial cost thereafter for maintenance.

• These costs include software development, Web site development, and purchasing and upgrading computer hardware and technology.

• State estimates give us a good handle on costs for the IRS since the volume of 527 reports is similar, and in some cases, smaller than, the volume of state campaign finance filings.

• In the end, the costs of establishing and maintaining such electronic programs are not overly burdensome. In fact, cost savings are gained over time as the expenses of managing and storing paper filings and manually inputting the reports into a computerized database are eliminated.

• Judging from the experience of comprehensive electronic reporting systems around the nation, the electronic reporting requirements for Section 527 committees under H.R. 5596 are neither overly burdensome nor costly.

Prepared by Craig Holman, Ph.D
Legislative Representative
Public Citizen’s Congress Watch
The Trend Is for More Efficient Web-Based Filing

Electronic filing and disclosure can be done through a variety of different electronic technologies, and the preferred technologies have rapidly evolved through the last half-decade. Campaign finance reports may be filed via Web-based programs, diskette, direct-dial modem, public computer terminal or scanned into the computer database. The information may be disclosed to the public through any one or a combination of these mediums. *The one electronic medium that has emerged as the dominant method of both filing and disclosure is the Internet. Web-based programs on the Internet have proven more efficient and more able to fulfill the objectives of disclosure.* [See Figures One and Two.]

**Figure One**

**Evolving Methods of Electronic Filing**

Figure Two

Evolving Methods of Electronic Disclosure