



Corporate Report

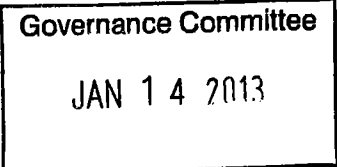
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DATE: January 8, 2013

TO: Chair and Members of Governance Committee
Meeting Date: January 14, 2013



FROM: Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

SUBJECT: **Municipal Election Campaign Contribution Rebate Program**

RECOMMENDATION: That the report entitled Municipal Election Campaign Contribution Rebate Program, from the Commissioner of Corporate Services and Treasurer, dated January 8, 2013 be received for information.

**REPORT
HIGHLIGHTS:**

- In response to a request of the Governance Committee, the details regarding Election Campaign Contribution Rebate Programs implemented in other municipalities have been reviewed.
- There are a number of options for a Rebate Program and the cost of a program will vary depending on the rebate provided, the number of candidates who participate, and the amount of campaign contributions received.

BACKGROUND:

A request has been received by the Governance Committee from a member of the public, for the City to restrict the collection of Election Campaign Contributions from corporations and trade unions. In addition, the Governance Committee has requested staff to investigate the implementation of an Election Campaign Contribution Rebate Program by the City of Mississauga. The purpose of this report is to provide the Chair and Members of the Governance committee with

information regarding the operation of a municipal election campaign contribution rebate program. Unlike Federal and Provincial election campaign contributions, Municipal Election campaign contributions are not eligible for tax credits under the provisions of the *Municipal Elections Act* or the *Income Tax Act*.

In accordance with the Municipal Elections Act (MEA)

82. (1) “A municipality may, by by-law, provide for the payment of rebates to individuals, corporations or trade unions who made contributions to candidates for office on the municipal council.”

The essence of a contribution rebate program is that a municipality would rebate a contributor a percentage of a contribution made to a candidate’s campaign. The rationale for implementing a rebate program is to:

- encourage more candidate participation
- create more interest in Municipal Elections, therefore increasing turnout
- Increase contributions from individual electors rather than corporations and trade unions.

Registration in the rebate program is completely voluntary and during the nomination process the candidate is asked whether or not they would like to participate. No rebate will be issued until the candidate files their financial statement by the relevant date, and in compliance with all requirements of the *Municipal Elections Act, 1996*, as amended. Most municipalities track the registration manually and assume all administrative tasks in house.

COMMENTS:

Various municipalities across Ontario have established Election Campaign Contribution Rebate programs. Each program has different criteria regarding eligibility of a contributor (individuals vs Corporations), percentage of rebate (formula) in relation to the amount contributed and timeframe in which a contributor may apply for the rebate. See Appendix 1 - Rebate Program Benchmarking for the details regarding each program.

The following factors must be taken into consideration when considering the financial impact of the program on the municipality, as well as the administrative impact;

- number of candidates eligible
- number of contributors
- number of candidates elected who used the program
- dollar value of contributions received

Appendix 2 – Rebate Program Statistics outlines the experience of other the municipalities who have implemented a program.

Rebate Formula Options

There are a number of options for rebate formulas. The total cost of the Rebate Program would vary depending on the formula included in the By-law. In addition, the administration of the program becomes more complicated based on the rebate formula implemented.

Appendix 3 provides an overview of the rebate formulas currently used by other municipalities.

Election Campaign Contribution Rebate Program Implementation

Staff from the Elections Office discussed the merits of the Election Campaign Rebate Program with the election staff in the Town of Oakville, City of Vaughan and Town of Markham.

They indicated that having a Rebate program provided a perceived opportunity to increase participation in the electoral process and an opportunity to assist candidates in their fundraising efforts, particularly for non-incumbent candidates.

The criticism of a program is that all taxpayers subsidize individuals who contribute to any candidate's campaign. If the program does not place restriction on who is eligible for a rebate this would include contributions received from non-residents, candidates, candidate's spouse and family members, and corporations and trade unions. In addition, any Rebate program will result in additional costs to the corporation in terms of funding and administration.

The Town of Oakville implemented a rebate program in 2003 on the bases of meeting the goals of encouraging more candidate participation, creating more interest in the Municipal Elections and increasing turnout, and increasing contributions from individual electors rather than corporations. Following the 2010 election, the City Clerk determined *“that the rebate program had not met the goals for which it was established”*. As a result of the findings and the experience with the rebate program the City Clerk recommended that the program be discontinued for the 2014 Municipal Election. Nonetheless, the Town of Oakville’s Council chose to continue with the program.

It is important to note that according to section 68(1) of the MEA *“ a candidate’s election campaign period for an office shall be determined in accordance with the following rules:*

- 1. The election campaign period begins on the day he or she files a nomination for the office under section 33.*

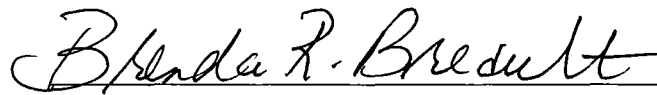
Regardless of whether a candidate withdraws his/her nomination, if the candidate collected contributions, the contributors may be eligible to apply for a rebate.

FINANCIAL IMPACT: Any rebate program established would result in additional tax funded costs to the municipality. It is difficult to forecast the financial impact because the cost of the program would be impacted by the details of the program and the number of candidates and contributors who participate. In addition, it is estimated that the Election Office would require one additional position to oversee the program and process the rebates.

The Municipal Elections are funded from the Election Reserve. Each year \$550,000 is placed into the Reserve to fund the next election. An Election Campaign Contribution Rebate Program was not included in the proposed budget. Additional tax funding would be required to cover any contribution rebate program.

CONCLUSION: Election Campaign Rebate Programs have been implemented in a number of municipalities across the Province. The Rebate Programs vary between these municipalities, including who is eligible to receive a rebate, and what amount of rebate is provided. The financial impact is also difficult to predict because it is dependent upon the number of candidates and the amount of campaign contributions that are collected. Regardless of the Rebate Program selected, the administration of the program is complex.

ATTACHMENTS: Appendix 1 - Rebate Program Benchmarking
Appendix 2 – Rebate Program Statistics
Appendix #3 – Rebate Formulas



Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

Prepared By: Pina Mancuso, Manager of Elections

REBATE PROGRAM BENCHMARKING

Municipality	Highlights of Program
Oakville	<ul style="list-style-type: none"> • Any eligible elector residing in the town of Oakville who is not a candidate, candidate's spouse, common-law spouse, same-sex partner, children of the candidate are eligible for a rebate. • Only contributors of money are eligible. • Corporations, trade unions, non-resident eligible electors are not eligible for rebates.
Ajax	<ul style="list-style-type: none"> • Any eligible elector, who is not a candidate, spouse or child of candidate, is eligible. • Only contributions of money are eligible for rebate. • Rebates are only available to those individuals who make a contribution between the date of the candidate's nomination filing up to and including Voting Day. • An individual who contributes to more than one candidate is eligible for a rebate in respect of each contribution but no more than the maximum allowable rebate (\$150). • Contributions from corporations and trade unions are ineligible.
Toronto	<ul style="list-style-type: none"> • Any resident in the province of Ontario is eligible to receive a rebate. • Candidates, their spouses and children are eligible but not until after the Candidate's campaign closes and the final financial statement is filed. • Only contributions of money are eligible. • Contributions from corporations and trade unions are ineligible.
Whitby	<ul style="list-style-type: none"> • Whitby's program was approved by Council in principal and is subject to the 2012 Budget approval. • Whitby's program is to be identical to Ajax.

*Formula's and criteria will vary across all municipalities that have implemented the program.

*These statistics are based on information from the City of Ottawa

Municipality	Program Highlights
Markham	<ul style="list-style-type: none"> • Any individual who is a resident of the Province of Ontario is eligible for a rebate. • The following are ineligible: <ul style="list-style-type: none"> -Contribution of goods and services. -A Candidate's contribution of inventory from a prior election. -Contributions made by corporations and trade unions.
Vaughan	<ul style="list-style-type: none"> • Any resident of the City of Vaughan is eligible for a rebate • The following are ineligible: <ul style="list-style-type: none"> -Contributions of goods and services. -A Candidate's contribution of inventory from a prior election. -Contribution made by corporations and trade unions. -Contributions made by the Candidate and Candidate's spouse, siblings, grandparents, parents, children and grandchildren.

*Formula's and criteria will vary across all municipalities that have implemented the program.

*These statistics are based on information from the City of Ottawa

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Rebate Program Statistics

Municipality	Oakville	Ajax	Toronto	Whitby	Markham	Vaughan
Electoral Population	121,330	69,624	1,637,310	81,713	185,469	175,470
Voter Turnout	40%	25.4%	50.55%	31.05%	35.5%	40.55%
# of rebates paid	465	116	14,051	12	2,300	434
% of electors contributing (based on the # of rebates paid)	0.38%	0.16%	Unavailable	.015%	1.24%	0.25%
# of Candidates that participated	28 total (63%)	12 total (57%)	176 total (55%)	4 total (16%)	42 total (95%)	42 total (93%)
# of Candidates eligible	44	21	319	24	44	45
Amount paid in rebates	\$78,105	\$10,605	\$3,680,820 (to date)	\$775	\$375,000	\$61,717
Cost of administering Program	\$27,551	\$6,000	Unavailable (Approx. 46 mths of staff time)	Unavailable	\$11,541	\$28,279
Total cost of Rebate Program	\$105,656	\$16,605	\$3,680,820	\$775	\$386,541	\$89,997

**These statistics are based on information from the Town of Richmond Hill*

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Rebate Program Formulas

Municipality	Formula
Oakville	<ul style="list-style-type: none"> • Contributions less than \$100 = INELIGIBLE • Contributions over \$100: rebate = 50% of total contribution
Ajax	<ul style="list-style-type: none"> • Contributions less than \$25 = INELIGIBLE • Contributions \$25 - \$100: rebate = 75% of the total contribution • Contributions over \$100: rebate = \$75.00 + 50% of the difference between the total contribution and \$100 • Maximum rebate regardless of contribution = \$150
Toronto	<ul style="list-style-type: none"> • Contributions less than \$25 = INELIGIBLE • \$25 - \$300: rebate = 75% of the total contribution • \$301 - \$1000: rebate = \$225.00 + 50% of the difference between the contribution and \$300 • Contributions over \$1000: rebate = the lesser of \$575 + 33.3% of the difference between the total contribution and \$1000 • Maximum rebate = \$1000
Whitby	<ul style="list-style-type: none"> • Same as formula for Ajax
Markham	<ul style="list-style-type: none"> • Contributions less than \$50 = INELIGIBLE • Contributions \$50 - \$300 = 75% of total contribution • Contributions over \$300 = 75% of \$300 + 50% of the difference between the total contribution and \$300 (maximum rebate = \$350)
Vaughan	<ul style="list-style-type: none"> • Contributions less than \$50 = INELIGIBLE • Maximum rebate regardless of contribution = \$150 • Contributions over \$50 = 75% of total contribution

*Information regarding the above formulas is from the City of Ottawa