

City of Mississauga
Corporate Report



Date: 2017/01/23

To: Chair and Members of General Committee

From: Gary Kent, Commissioner of Corporate Services and
 Chief Financial Officer

Originator's files:

Meeting date:
 2017/02/15

Subject

Municipal Election Campaign Contribution Rebate Program – Estimated Costs

Recommendation

That the report titled 'Municipal Election Campaign Contribution Rebate Program – Estimated Costs' from the Commissioner of Corporate Services and Chief Financial Officer dated January 23, 2017 be received for information.

Report Highlights

- At the November 16, 2016 Special Council Meeting additional information was requested regarding the estimated costs associated with implementing a campaign rebate program for the 2018 Municipal Election.
- Cost estimates were requested based on the lowest rebate formulas implemented by other municipalities, specifically Whitby and Ottawa, using the City of Mississauga's 2010 Municipal Election contributions.
- The cost of a rebate program is dependent on a number of variables and estimates based on previous elections will not be exact predictors of the cost of a rebate program in a future election.
- The estimated costs of a rebate program for Mississauga reflect total contributions received by candidates in the 2010 Municipal Election, excluding contributions received by candidates/spouses, trade unions, Corporations and non-residents.

Background

A rebate program enables a municipality to reimburse contributions made by individuals to the campaign of a candidate running for Mayor or Councillor. The concept for providing a rebate program is to encourage greater participation in municipal politics by reducing the financial burden placed on candidates and campaign donors.

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A rebate program requires candidates to issue receipts to donors who would then apply for a rebate from the municipality. Staff would prepare rebates for donors after a candidate files his or her financial statements in compliance with the Municipal Elections Act (MEA) which would be March 2019, following the 2018 Municipal Election. Registration in the rebate program by individual candidates is voluntary.

In 2013 Council directed staff to develop a rebate program (Council Resolution 0032-2013) based on the following parameters:

- Mississauga residents only
- 50% rebate up to a maximum of \$375 for contributions over \$100
- Contributions made by individuals only
- Contributions from Candidates and their spouses are excluded

A draft By-law outlining a rebate program was presented by staff to Governance Committee who chose not to implement the program for the 2014 Election (Governance Committee Resolution 0027-2013).

In September 2016, a report was prepared for Governance Committee updating the estimated cost of a rebate program based on the 2014 Municipal Election contributions. Upon further analysis, it has been determined that contributions from ineligible contributors (corporations, trade unions, non-Mississauga residents and candidates and their spouses) were not excluded from the calculation. The revised estimate of the cost of rebates based on only eligible contributors from the 2014 Municipal Election is \$219,174.

Comments

At the November 16, 2016 meeting, Council requested staff to provide estimated cost analysis based on the 2 lowest rebate formulas implemented by other municipalities, and to use the 2010 Election contributions. Appendix 1 illustrates the Financial Rebates paid using the 2 lowest rebate formulas implemented by Whitby and Ottawa, with an estimate of Mississauga's costs. Providing a true comparison is not possible because Candidates were not required to report the details nor list the contributor for financial contributions between \$25 and \$100. The estimates provided for Mississauga have been based on reported contributions over \$100 and as a result are understated.

The total cost for a rebate program is determined by five main factors:

- number of candidates that register for the program
- amount of eligible contributions received by candidates
- percentage of rebate
- maximum rebate determined

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- parameters such as only applying to Mississauga residents, and excluding candidate or candidates' spouses

Because the cost of a rebate program is dependent on these variables, estimates based on previous elections will not be exact predictors of the cost of a rebate program in a future election.

The Election Office has previously indicated it would require one additional temporary employee for 18 months to administer the program and process rebates. This estimate was based on discussions with other municipalities and the timelines associated with the filing of Financial Statements and Supplementary Financial Statements.

Bill 181 added new responsibilities for the Clerk to review and report on the compliance of contributions included in financial statements filed in accordance with the Legislation. As this is an additional administrative responsibility, staff have been reviewing the implementation and identified that an additional staff resource will be required in 2019. Should this resource be approved, it is proposed that this person could also administer a rebate program if established.

The administrative details of a rebate process were established and included in the draft by-law prepared in 2013 and have been provided in Appendix 2.

As requested by Council, staff investigated whether refunds could be issued through the tax bill as a cost saving measure and were informed that that this option would not be feasible as not all contributors are homeowners. In addition, a tax bill is for a property not a person. The credit on the tax bill goes towards taxes and if the property sells, then a portion of the credit would go to the new owner and not the person who gave the rebate. As a result, rebates would be processed through cheque requisitions and mailed to individual contributors, resulting in direct administrative costs of \$5,000 for postage, communication and supplies.

Financial Impact

The City's municipal elections are financed by annual contributions to the Election Reserve collected from municipal taxes. The annual contribution to the Election Reserve is \$600,000. The costs of a rebate program would not be reflected until 2019. If a rebate program was implemented, the annual contribution to the Election Reserve could be increased by \$60,000, starting in 2018, to mitigate the annual financial impact.

In Bill 68, introduced by the Province on November 16, 2016, the maximum contribution has been increased from \$750 - \$1,200. If this legislation is implemented, the cost of the program could increase unless there is a defined maximum rebate limit established.

Conclusion

Election Campaign Rebate Programs have been implemented in various municipalities in Ontario. In benchmarking these neighbouring municipalities there appears to be no factual or statistical evidence that a rebate program increased donor participation.

A rebate program introduces additional tax funded costs on the municipality and increases the complexity of the Election administration. A by-law is required to establish a rebate program for the 2018 Election.

Attachments

Appendix 1: Comparison of Financial Rebates based on Whitby and Ottawa

Appendix 2: Proposed Process for Providing Election Contribution Rebates



Gary Kent, Commissioner of Corporate Services and Chief Financial Officer
Prepared by: Pina Mancuso, Manager, Elections

Comparison of Financial Rebates based on Whitby and Ottawa

Appendix #1

	Whitby (statistics and formula based on 2014)	2010 Mississauga (Whitby's 2014 formula is applied, Mississauga statistics are based on 2010 contributions as per Council's request)	2014 Mississauga (Whitby's 2014 formula is applied Mississauga statistics are based on 2014)
Electoral Population	87,406	417,919	444,755
Number of Rebates Paid	43	326	1005
Formula	25%	25%	25%
Minimum Contributions	\$25	N/A	N/A
Maximum Rebate	\$150	\$150	\$150
Total Rebates Paid	\$3,750	\$26,470	\$96,820

*** Mississauga calculations exclude contributions under \$100 because this information was not reported; Mississauga calculations are based on all contributions received over \$100;

	Ottawa (statistics and formula based on 2014)	2010 Mississauga (Ottawa's 2014 formula is applied, Mississauga statistics are based on 2010 contributions as per Council's request)	Mississauga (Ottawa's 2014 formula is applied Mississauga statistics are based on 2014)
Electoral Population	632,385	417,919	444,755
Number of Rebates Paid	2,166	326	1005
Formula	\$25.01 - \$100 -50% \$100.01 - \$200 - \$50 + 25% of amount that exceeds \$100	\$25.01 - \$100 -50% \$100.01 - \$200 - \$50 + 25% of amount that exceeds \$100	\$25.01 - \$100 -50% \$100.01 - \$200 - \$50 + 25% of amount that exceeds \$100
Minimum Contributions	\$25.01	N/A	N/A
Maximum Rebate	\$75	\$75	\$75
Total Rebates Paid	\$105,185	\$21,888	\$71,878

*** Mississauga calculations exclude contributions under \$100 because this information was not reported; Mississauga calculations are based on all contributions received over \$100

Proposed Process for Providing Election Contribution Rebates

The following is a draft of the proposed administrative process for providing contribution rebates should Council establish an election contribution Rebate Program (*the program*). Should a program be established, finalized administrative practices will be specified by by-law. Participation in the program will be optional and any participating Candidate or Contributor will be required to comply with the governing by-law.

The responsibilities of Candidates are proposed as follows:

- At the time a Candidate running for Municipal Council files his or her Nomination, he or she may enroll in the program by completing a registration form and acknowledging that he or she will adhere to the guidelines as specified in the by-law. At the time of enrollment, the Candidate will also be required to acknowledge that he or she, or his or her representatives, will relay all contributor requirements and contribution rules to Contributors;
- Registration in the program is required at the time of filing for Nomination; Candidates will not be allowed to register in the program after they begin accepting contributions;
- For Candidates participating in the program, all monetary contributions \$25 and over must be recorded on the Candidate's Financial Statement and information must include the Contributor's qualifying address and mailing address;
- Rebates will only be issued if the Candidate files his or her Financial Statement in accordance by the legislated deadlines as specified in the *Municipal Elections Act, 1996*.
- Candidates will be required to submit copies of the contribution receipts issued for all contributions \$25 and over and receipts must include:
 - The Contributor's name;
 - A declaration that the Contributor is not a corporation or trade union;
 - The Contributor's qualifying address
 - The Contributor's mailing address;
- A missing or incomplete receipt will result in the denial of a rebate;
- Documentation in addition to the Candidate's Financial Statement and copies of contribution receipts may be required; all monetary contributions \$25 and over may be required to be documented in a form specified by the Clerk – Candidates may be required to provide information electronically, etc.

The responsibilities of Contributors are proposed as follows:

- Contribution rebates will **only** be processed for Contributors that donate to Candidates who are enrolled in the program as noted above;
- The request for rebate must be brought in person, sent by mail or submitted via email to the Clerk's Office by 4:30 pm on September 27, 2019;
- Rebates will only be issued for those contributions made during the Candidate's campaign period;
- Contributors are required to provide their mailing address and proof of their qualifying address to the Candidate in order to be eligible for a rebate – this information must be included on the contribution receipt;
- Contributors will be required to provide a copy of their portion of the contribution receipt to the Clerk's Office in order to receive a rebate;
- If there is a change to the Contributor's mailing address - the Contributor is responsible for notifying the Clerk's Office of the change.

Elections Office Administrative practices are proposed as follows:

- The Elections Office will prepare rebates in the form of cheques only after the Candidate has filed their Financial Statement in accordance with the *Municipal Elections Act, 1996* and only if the Clerk is satisfied that the Candidate enrolled in the rebate program when the Candidate filed his or her Nomination;
- The Elections Office will not process rebates for Contributors that contribute to a Candidate who does not file his or her Financial Statement;
- The Elections Office will not process a rebate for any contribution request if a Candidate has not provided a copy of a complete contribution receipt to the Elections Office;
- The Elections Office will not process any rebate for a Contributor that cannot provide his or her portion of the contribution receipt;
- The Elections Office will process rebates only when the Candidate meets the following requirements:
 - The Candidate files his or her Financial Statement;
 - The Candidate submits all required tracking sheets;
- Requests for rebate will not be accepted after 4:30 pm on September 27, 2019.

DRAFT