

Date: 2020-08-31

Subject: **2022 Municipal Election – Contribution Rebate Program**

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Report Number: Legislative Services-2020-207

Recommendations:

1. That the report titled: **2022 Municipal Election – Contribution Rebate Program**, to the Committee of Council meeting of November 18, 2020, be received.

Overview:

- The next municipal election for the City of Brampton will be held on Monday, October 24, 2022.
- Under Section 88.11 of the *Municipal Elections Act, 1996* (MEA), Councils may pass a by-law to provide rebates to individuals who contributed to a Council candidate's election campaign.
- Brampton City Council decided not to establish a contribution rebate program ahead of the 2018 Municipal Election.
- This report provides information on criteria for establishing a contribution rebate program.

Background:

Section 88.11 of the *Municipal Elections Act, 1996* (MEA) enables Councils to pass a by-law to provide rebates to individuals who contributed to a Council candidate's election campaign.

In 2016, changes to the MEA meant that corporations and trade unions were no longer permitted to contribute to candidates (they could however contribute to registered third party advertisers). Candidates in the 2018 Municipal Election, and moving forward, could only receive contributions from individuals who are residents of Ontario. The

maximum campaign contribution to a single candidate, was increased from \$750 to \$1,200. The maximum amount an individual could contribute to multiple candidates running on the same Council or school board is \$5,000.

Ahead of the 2018 Municipal Election, staff was requested to report to Council regarding the implementation of a contribution rebate program in the City of Brampton, to be closely aligned with the City of Mississauga's program. Staff presented a detailed framework for the contribution rebate program; however, Council ultimately decided not to implement the program.

Current Situation:

A contribution rebate program enables a municipality to reimburse contributions made by individuals to a campaign of a candidate seeking election for Mayor or Councillor. The principle purpose of the program is to encourage participation in municipal elections by reducing the financial burden placed on candidates and campaign donors.

A rebate program requires candidates to issue receipts to donors who would then apply for a rebate from the City. Rebates would only be processed after the election, and after a candidate files their financial statements in compliance with the MEA, which would be after March 2023. Participation in the contribution rebate program by candidates is voluntary.

To establish a rebate program, a by-law would need to be passed, and the by-law must include conditions under which a contributor is entitled to a rebate and may provide for payment of different amounts based on the contribution.

Contribution rebates are funded through the general revenues of a municipality. Municipal campaign contributions are not eligible for Income Tax rebates.

A contribution rebate program, authorized under the MEA, is discretionary and no deadline is defined for establishing the program through a by-law, but practically a by-law would need to be adopted before the end of 2021 to allow staff to prepare for candidate nominations starting May 1, 2022. Administratively, it is necessary to pass the by-law establishing the program and outlining criteria for eligibility, minimum contributions to be eligible for rebate, maximum rebates, etc., prior to the opening of nominations on May 1, 2022.

Municipalities with Existing Contribution Rebate Programs

The City of Mississauga's contribution rebate program was implemented for the first time in the 2018 Municipal Election. In a post-election report to Council, Mississauga staff reviewed its contribution rebate program and provided comparative information on programs implemented in neighbouring municipalities. The following information has been extracted from Mississauga's report, for Committee's review.

Mississauga's rebate program includes the following parameters:

- Only Mississauga residents are eligible to participate in the program
- Residents are eligible for a rebate of 25% of financial contributions of \$25 or more, up to a maximum amount of \$150
- Candidates had to be running for the Mayor or Councillor race
- Contributors could not be a candidate or the spouse or child of a candidate
- Both candidates and contributors had to meet the administrative requirements of the program, as well as the campaign contribution rules set out in the MEA

The 2018 Contribution Rebate Program for Mississauga paid out approximately \$36,000 to contributors who met the requirements of the program. Upon review of the program, Mississauga's Governance Committee had recommended that the program be updated for the 2022 Municipal Election and directed staff to provide options related to the maximum rebate a contributor could receive based on a new formula of a 50% rebate on contributions of \$100 or more. Conscious of the budget required to administer the program, Mississauga Council has not yet made a decision on the new formula and has referred the discussion to its Budget Committee next year.

Other local municipalities who have implemented a contribution rebate program include:

- Ajax
- Markham
- Oakville
- Ottawa
- Toronto
- Vaughan
- Whitby

The criteria for eligibility and rebate formulas vary between municipalities. Likewise, the rebate payout amounts will vary greatly. For example, the Town of Oakville provides a 50% rebate of contributions over \$100, up to a maximum of \$2,500 – the program is limited to residents of Oakville. In 2018, Oakville paid out approximately \$100,000.

The City of Markham, however, limits the eligibility to residents of Ontario, and has different formulas based on different contribution amounts. Markham paid out approximately \$500,000 in rebates in 2018 based on their formulas and eligibility criteria.

The City of Toronto paid out approximately \$4,000,000 in 2014 based on their eligibility criteria and formulas (2018 figures not currently available).

Considerations for Establishing a Contribution Rebate Program

The following factors should be considered when establishing a contribution rebate program:

- Eligibility criteria for candidates to participate in the program
 - Only applies to Mayor and Councillor candidates

- Eligibility criteria for contributors
 - Whether the program should be limited to only residents of Brampton or open to all residents of Ontario
- Minimum contribution amounts
 - A minimum contribution amount is required to be eligible for the program
- Formula for rebate
 - Whether the formula should be consistent for all contributions or vary depending on the amount of the contribution
- Maximum rebate amounts
 - A maximum rebate amount should be set
- Administrative policies and procedures
 - Whether a candidate should be required to file an audited financial statement in order to be eligible for the program
 - Candidates must register in the program at the time of filing their nomination
 - Candidates will be required to keep meticulous records of all contributions received
 - The deadline to file all records and receipts with the City Clerk's Office
- Resources required to support the program throughout the election period (before, during and after the election)
 - Administering a contribution rebate program will require staff resources for program administration, including analyzing financial statements, determining the eligibility of an application for rebate, and processing payment
- Financial impact on Election program and budget

If Council wishes to explore the possibility of establishing a contribution rebate program for the City of Brampton, it may direct staff to report back with options related to the above considerations.

Corporate Implications:

Financial Implications:

There is currently no financial impact on the budget for the 2022 Municipal Election. If a contribution rebate program is implemented for the City of Brampton, the budget will be impacted based on the eligibility criteria, rebate formulas, maximum rebate amounts and staff resources required to manage the program.

The election budget is funded from the Election Reserve (#25), and any additional costs related to a contribution rebate program would be sourced from the Reserve. Staff would need to review potential budget costs to ensure the current balance of the Reserve is sufficient to accommodate the program, if implemented.

Other Implications:

There are no other implications resulting from this report.

Term of Council Priorities:

This report fulfills the Council Priority of a Well-run City by facilitating a dialogue on municipal election administration.

Conclusion:

Council may pass a by-law to establish a contribution rebate program for the City of Brampton. If a program is to be implemented, the by-law should be passed no later than the end of 2021, to allow staff enough time to develop administrative processes and procedures related to the program, and to communicate changes to stakeholders.

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