

Clause 12 in Report No. 5 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on March 29, 2018.

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Election of Regional Chair - Municipal Campaign Contribution
Rebate Program

Committee of the Whole recommends adoption of the following recommendations, as *amended*, contained in the report dated January 5, 2018 from the Commissioner of Corporate Services:

1. Council receive this report for information.
2. *That the Province of Ontario be requested to amend the Income Tax Act to expand the eligibility provisions of the election contribution tax credit to include contributions made to municipal election campaigns.*

Report dated January 5, 2018 from the Commissioner of Corporate Services now follows:

1. Recommendations

It is recommended that Council receive this report for information.

2. Purpose

The purpose of this report is to provide information about Municipal Election Campaign Contribution Rebate Programs in other municipalities. As directed by Council, the report also presents three options that could be considered for implementing a program for the Regional Chair position.

3. Background and Previous Council Direction

The *Municipal Elections Act* (MEA) was amended in the 1990s to allow for contribution rebate programs on the basis that municipal election campaigns are not eligible for tax credits under Federal / Provincial Income Tax legislation.

Municipal Election Campaign Contribution Rebate Program

The MEA provides that “a municipality may, by bylaw, provide for the payment of rebates to individuals who made contributions to candidates for office on the municipal council.”

On [November 16, 2017](#), Council directed staff to report back on the viability and options for implementing a Municipal Election Campaign Contribution Rebate Program.

4. Analysis and Implications

Approximately 696,515 eligible electors are in York Region

In York Region, there is an estimated 696,515 eligible electors. This figure is based on the numbers provided to local municipalities as part of the 2014 Municipal Election from the Municipal Property Assessment Corporation. The MEA prescribes the use of the 2014 numbers to set the initial campaign expense limit, which will be given to candidates when they file their nominations. Additionally, a final maximum expense limit is required to be made based on the voters' list from the nine local municipalities, as it exists on September 15 in the year of the current election.

Recent amendments to the *Municipal Elections Act* are relevant to an election rebate program

The *Municipal Elections Modernization Act, 2016* amended the MEA to prohibit corporate and trade union donations to municipal election candidates, although they can contribute to third party advertisers. As a result of this amendment, individual campaigns may only be financed by donations from individuals, fundraising events and self-financing candidates. Specific limits were also placed on the amount an individual candidate can give to their own campaign. These changes are likely to increase the overall number of individual contributions.

Additionally, the maximum allowable individual contribution limit was raised from \$750 to \$1200 – a 60% increase.

The details of a rebate program must be set out within a bylaw

A contribution rebate program can only be established through a bylaw. The bylaw must contain the conditions under which an individual is entitled to a rebate and may provide for the payment of different amounts to different individuals on any basis. While there is no legislated deadline for when a bylaw must be enacted, it would be preferable to have it enacted prior to the opening of nominations on May 1, 2018.

Municipal Election Campaign Contribution Rebate Program

Eight of the 444 municipalities in Ontario will be offering a rebate program in the 2018 Municipal Election

Ajax, Markham, Oakville, Ottawa, Toronto, Vaughan and Whitby have each had a rebate program for at least one election. Mississauga will be starting a program for the 2018 Municipal Election.

Attachment 1 shows a variety in the scaling and maximum rebates in each of the existing programs. However, several common elements were identified. These are:

1. Contribution rebate programs are voluntary
2. Candidates choose whether to participate in the program and must provide receipts to contributors
3. Rebates cannot be issued until a candidate has filed their financial statements.

There are currently no upper-tier municipalities that have or will be providing contribution rebates

In February and October 2017, the Regions of Waterloo and Durham considered implementing contribution rebate programs and decided against it. The Region of Waterloo did pass a motion in March 2017 to request that the Province of Ontario consider implementing a Provincial income tax credit program for contributions made to municipal election campaigns.

Opinions vary on the benefits associated with municipal rebate programs

In 2002, Ottawa implemented a contribution rebate program to try to increase the amount of individual contributions relative to corporate donations. Prior to implementing the program, corporate contributions represented 65% of the total funds contributed and 35% from individual contributors. Following enactment of the rebate program, the balance of contributions shifted to 57% being from individuals and only 43% from corporations.

In 2009, Oakville conducted a review of its contribution rebate program. The research included assessing the impact of similar programs in Ajax, Toronto, Markham and Ottawa. The report concluded that there was no direct evidence to suggest the rebate programs enhanced the electoral process in those municipalities.

Markham conducted its own review in 2017 and a staff report concluded there was no data to suggest the City's rebate program had met its intended policy

objectives – to encourage non-incumbents and women to run for municipal office and also to reduce the number of contributions from developers.

One concern with rebate programs cited during the debates in the Regions of Waterloo and Durham is that to a certain degree it appears to erode an element of personal choice in supporting a particular candidate. Rebate programs are funded through the tax base and as shown on Attachment 1, costs for these programs can range from \$0.04 to \$2.79 per eligible elector.

Many variables impact the actual cost of a rebate program

Although analysis of existing rebate programs shows theoretical costs for different models, the actual cost of a rebate program will depend on a number of variable factors. These include:

1. Voter engagement
2. The number of candidates
3. The number of individual contributors
4. The size of individual contributions
5. The number of candidates who participate in the rebate program
6. Whether rebates are limited to York Region residents only
7. Whether contributors are required to apply for a rebate
8. Whether there is a deadline for applying for a rebate
9. The size of the actual rebate

As directed by Council, this report presents three possible options for a Regional rebate program

Council has flexibility to set the scale of its own rebate program but this report presents three options. The options are based on the rebate programs in other municipalities. This information is shown in Attachment 1.

Option 1 – lowest cost option based on the City of Ottawa

This model assumes a maximum contribution rebate of \$120 which is 10% of the maximum allowable contribution of \$1,200.

Based on an analysis of the 2014 outcomes across all the existing municipal rebate programs, the following statements can be made:

Municipal Election Campaign Contribution Rebate Program

1. The percentage of the total number of eligible electors who participate in rebate programs is 0.46%. This amounts to 3,215 participating electors for York Region.
2. The average rebate paid to each participating elector is 58% of the maximum rebate amount. For this model, that means the average rebate per contributor could be \$70.

Based on these parameters, the total cost of this model could be around \$225,000.

Option 2 – the mean average option

This option averages all the existing municipal rebate programs. Based on these calculations the maximum rebate amount would be \$360, which is 30% of the maximum payable contribution.

Using the same rationale as before, the potential cost to the Region could be around \$670,000.

Option 3 – the highest cost option based on Markham and Oakville

This option is based on the most generous rebate programs but excludes Toronto because the City is subject to different contribution limits than the others.

This model would set a maximum rebate amount of \$600, which is 50% of the maximum payable contribution

Using the same rationale as before, the potential cost to the Region could be around \$1.1 million.

Attachment 2 provides more detail about how rebates might actually be paid out under each option.

Should Council wish to establish a rebate program for the 2018 Municipal Election, certain criteria should be included

Although the overall cost of a rebate program is uncertain, Council can establish criteria to be used as the framework for a rebate program. Recommended criteria are:

1. Rebates would only apply to candidates for the Regional Chair position
2. Candidates must register to be part of the rebate program by the end of Nomination Day (July 27, 2018)
3. Only monetary contributions are eligible for the program

Municipal Election Campaign Contribution Rebate Program

4. Candidates must provide receipts to contributors
5. Rebates would only be paid once the candidate has filed the required financial statements and the compliance audit period has expired or process been completed
6. Contributors must complete a rebate application in order to receive payment
7. The minimum eligible contribution be set at \$50
8. Rebate payments should be scaled as shown on Attachment 2 or some other defined formula
9. Only York Region residents would be eligible for rebates
10. All contributors must apply within 90 days of the candidate's financial filing date to be eligible for a rebate.

Eight of the ten proposed criteria mirror what currently exists in both Markham and Vaughan's rebate programs. Criteria nine only appears in Vaughan's program. While both Markham and Vaughan's programs place deadlines as to when contributors must apply for a rebate, criteria ten is modelled after Markham's program.

5. Financial Considerations

It is difficult to forecast the financial implications of a rebate program

This report notes there are many variables that could impact the overall cost of the rebate program so the actual cost is difficult to calculate. However, based on analysis of existing rebate programs, the potential cost of a Regional program could range from \$225,000 to \$1.1 million, depending on the scope of the program. Estimated costs can be considered as part of the 2019 budget process.

A rebate program requires administrative support

The administrative impact of a rebate program for the Region is currently uncertain. A review of programs in other municipalities suggests that Clerk's Office and Finance staff will be involved in administrative duties including:

1. Data entry of contributors' information

Municipal Election Campaign Contribution Rebate Program

2. Processing and reviewing requests for rebates to ensure that contributors meet the qualifications for a rebate
3. Issuing rebate payments
4. Following-up with contributors on issues such as lost rebates, incorrect rebates or delayed rebates

The scale of this work will vary depending on the level of participation in the rebate program. Some municipalities have dedicated staff to administer their rebate programs and it is possible the Region may also require such staff. Any associated costs can be considered as part of the 2019 budget process.

6. Local Municipal Impact

There is no local municipal impact associated with this report.

7. Conclusion

So far, eight of the 444 municipalities in Ontario will have contribution rebate programs in place for the 2018 municipal election. Each of these programs uses different formulas to calculate rebates but have some underlying similarities in the way in which they are administered. It is unclear what impact changes to the maximum contribution limit as well as banning corporate and union donations will have on each of these programs.

There are varying opinions on rebate programs. Ottawa experienced some early success in 2002, but other municipalities have suggested that rebate programs do little to promote policy objectives.

Based on analysis of the existing programs, a Regional rebate program might cost between \$225,000 and \$1.1 million depending on its scope. There are many variables which are difficult to anticipate so there may be a wide fluctuation in the actual cost of such a program.

Should Council wish to proceed with a rebate program, it is recommended that the program contain certain criteria to limit the overall exposure. These criteria include limiting rebates to York Region residents and requiring contributors to apply for a rebate.

For more information on this report, please contact Christopher Raynor, Regional Clerk at 1-877-464-9675 ext. 71300.

The Senior Management Group has reviewed this report.

Municipal Election Campaign Contribution Rebate Program

January 5, 2018

Attachments (2)

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Accessible formats or communication supports are available upon request

Municipal Election Campaign Contribution Rebate Program

Municipality	Ajax	Oakville	Ottawa	Markham	Toronto	Vaughan	Whitby
2014 Electoral population	74,891	125,722	632,385	195,805	1,813,915	190,724	87,406
Criteria to qualify for rebate program	Ajax voter	Oakville voter & resident	Ontario resident	Ontario resident	Ontario resident	Vaughan voter & resident	Whitby voter
Program excludes candidate, spouse or children	Yes	Yes	Yes	No	No	Yes	Yes
Maximum rebate amounts	\$200	\$375	\$75	\$350	\$1,000	\$150	\$150
Minimum contribution eligible for a rebate	\$50	\$100	\$25	\$50	\$25	\$50	\$25
Formulas used to calculate rebate	75%	50%	See Below	See Below	See Below	75%	25%
Number of rebates issued	89	263	2,166	2,781	16,543	341	43
% of candidates to use the program	48%	48%	79%	86%	43%	90%	34%
Cost per eligible electors	\$0.16	\$0.32	\$0.17	\$2.79	\$2.20	\$0.26	\$0.04
% of rebates issued per eligible electors	0.12%	0.21%	0.34%	1.42%	0.91%	0.18%	0.05%
Total amount of rebates issued	\$12,266	\$40,403	\$105,185	\$546,363	\$4,005,376	\$48,615	\$3,750
Avg. contribution	\$138	\$154	\$49	\$196	\$242	\$143	\$87
Avg. contribution as a % of maximum rebate amount	69%	41%	65%	56%	24%	95%	58%

Ottawa Formula

Contribution between \$25 and \$100, rebate is 50% of the contribution

Contribution between \$100.01 and \$200, rebate is \$50 plus 25% of the amount by which the contribution exceeds \$100

Markham Formula

Contribution between \$50 and \$300, rebate is contribution X 75%

Contribution between \$301 and \$550, rebate is \$225 plus 50% of contribution between \$300 and \$550

Toronto Formula

Contribution between \$25 and \$300, rebate is contribution X 75%

Total contribution over \$300 but not more than \$1000, rebate is contribution - \$300 x 50% + \$225

Total contribution more than \$1000, rebate is contribution - \$1000 x 33 1/3% + \$575

Municipal Election Campaign Contribution Rebate Program Report

LOWEST COST OPTION		
Scaling based on Ottawa's funding formula		
Sample Contribution	Rebate Eligible	Rebate Amount (10% of maximum - \$120)
less than \$50	No	N/A
\$50	Yes	\$25.00
\$75	Yes	\$37.50
\$100	Yes	\$50.00
\$125	Yes	\$51.25
\$150	Yes	\$57.50
\$200	Yes	\$70.00
\$250	Yes	\$82.50
\$300	Yes	\$95.00
\$400	Yes	\$120.00
\$500	Yes	\$120.00
\$600	Yes	\$120.00
\$700	Yes	\$120.00
\$800	Yes	\$120.00
\$900	Yes	\$120.00
\$1,000	Yes	\$120.00
\$1,100	Yes	\$120.00
\$1,200	Yes	\$120.00

MEAN AVERAGE OPTION		
Scaling based on Markham's funding formula		
Sample Contribution	Rebate Eligible	Rebate Amount (30% of maximum - \$360)
less than \$50	No	N/A
\$50	Yes	\$37.50
\$75	Yes	\$56.25
\$100	Yes	\$75.00
\$125	Yes	\$93.75
\$150	Yes	\$112.50
\$200	Yes	\$150.00
\$250	Yes	\$187.50
\$300	Yes	\$210.00
\$400	Yes	\$260.00
\$500	Yes	\$310.00
\$600	Yes	\$360.00
\$700	Yes	\$360.00
\$800	Yes	\$360.00
\$900	Yes	\$360.00
\$1,000	Yes	\$360.00
\$1,100	Yes	\$360.00
\$1,200	Yes	\$360.00

HIGHEST COST OPTION		
Scaling based on Markham's funding formula		
Sample Contribution	Rebate Eligible	Rebate Amount (50% of maximum - \$600)
less than \$50	No	N/A
\$50	Yes	\$37.50
\$75	Yes	\$56.25
\$100	Yes	\$75.00
\$125	Yes	\$93.75
\$150	Yes	\$112.50
\$200	Yes	\$150.00
\$250	Yes	\$187.50
\$300	Yes	\$225.00
\$400	Yes	\$300.00
\$500	Yes	\$350.00
\$600	Yes	\$400.00
\$700	Yes	\$450.00
\$800	Yes	\$500.00
\$900	Yes	\$550.00
\$1,000	Yes	\$600.00
\$1,100	Yes	\$600.00
\$1,200	Yes	\$600.00

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