

# FAIR ELECTIONS MARYLAND



## Summary of Bill 16-14: Montgomery County Small-Donor Campaign Finance Program

On September 30<sup>th</sup>, 2014 the Montgomery County Council adopted a small-donor matching fund program for candidates for County Council and County Executive. The program will allow candidates for County Council or Executive who rely on small-dollar donations to support their campaigns to qualify for matching funds. In exchange, candidates must agree to turn down all large contributions, including those from special interests. The bill establishes a tiered system, with smaller donations receiving a larger match. And to conform to recent Supreme Court Cases, it caps the county match but does not cap overall expenditures, allowing candidates to continue raising and spending small-dollar donations as needed.

Key provisions of the bill include:

### *Eligible contributions:*

- Candidates who qualify for the program may only receive donations of \$150 or less from individuals. Those individual gifts may come from residents inside or outside the county.
- That \$150 limit is aggregated for any individual across the four-year election cycle.
- The candidate cannot accept loans from any outside source. The candidate and his/her spouse may each loan the campaign no more than \$6,000.
- The \$150 contribution limit will be indexed to inflation every four years.

### *Qualifying and match:*

- Only donations of \$5 to \$150 from residents within the county will qualify a candidate for the program or receive a match.
- Different offices have a different match requirement:
  - County Executive – 500 qualifying contributions totaling \$40,000;
  - At-Large Councilmember – 250 qualifying contributions totaling \$20,000;
  - District Councilmember – 125 qualifying contributions totaling \$10,000.
- The State Board of Elections must certify a candidate qualifies for the program within 10 business days of receiving their paperwork.
- The match is also scaled to each elected office, and tiered to encourage small donations:
  - County Executive – 6:1 for the first \$50, 4:1 for the second \$50, and 2:1 for the final \$50.
  - County Council – 4:1 for the first \$50, 3:1 for the second \$50, and 2:1 for the final \$50.
- There is no expenditure limit for campaigns, but the County's match is capped at:

- County Executive – \$750,000
- At-Large Councilmember – \$250,000;
- District Councilmember - \$125,000.

These caps are based on average campaign costs.

- A candidate running in an uncontested election will not be eligible for a match.

*Timeline for applicants:*

- Starting January 1<sup>st</sup> of the first year of the election cycle the candidate may declare his/her intent to run a small-donor campaign. The candidate must establish a campaign account separate from any pre-existing accounts, and all other accounts must be frozen. The candidate can then begin accepting donations under the small-donor program.
- The candidate must declare intent to participate in the program by April 15 of the election year, and has until 45 days before the primary to qualify.
- The County will only begin to distribute matching funds 365 days before the primary election through 15 days after the general election.
- Disbursements will be made by the County Department of Finance within 3 business days once the State Board has verified that donations qualify for a match.
- Should a vacancy occur the Council must set an appropriate timeline for applicants to run as publicly funded candidates during a special election when it issues the dates for the special election to occur.

*Funding the program:*

- Funding for the program will come from general funds, voluntary contributions, and interest.
- A publicly funded candidate must return all unspent funds remaining in the campaign account at the end of the election cycle. A candidate must also repay any public match should the candidate withdraw from the election.
- An independent review commission will recommend the adequate funding level for the Executive to include in the annual budget.

*Limitations on funded candidates:*

- A small-donor candidate must not accept any donations (in-kind or cash) from anyone other than an individual; this includes corporations, PACs, or political parties.
- A small-donor candidate cannot transfer funds from the public funding account to any other political committee.
- The candidate may not form a slate committee with other candidates, but is allowed to associate and share expenses with a team of candidates.

*Oversight and administration:*

- The program will be administered by the State Board of Elections.
- State campaign finance law still covers allowable uses of campaign funds and also the state retains authority to enforce civil or criminal penalties against a candidate participating in the system.
- The bill takes effect January 15, 2015. The County Executive must promulgate regulations to specify the mechanisms for implementing the program before that date.