

REPORT

Council

Meeting Date: October 18, 2021

FROM: Clerk's Department

DATE: October 5, 2021

SUBJECT: 2022 Municipal Election Contribution Rebate Program, By-law 2021-122

LOCATION: Town-wide

WARD: Town-wide

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RECOMMENDATION:

1. That the report dated October 5, 2021 from the Clerk's department be received.
2. That a Campaign Contribution Rebate Program be implemented for the 2022 Municipal Election.
3. That By-law 2021-122 being a by-law to authorize the payment of rebates to eligible individuals who made contributions to candidates for office on the municipal council for the 2022 Municipal Election (Contribution Rebate By-law), be passed.

KEY FACTS:

The following are key points for consideration with respect to this report:

- The next municipal election will be held on Monday, October 24, 2022.
- Under section 88.11 of the *Municipal Elections Act, 1996*, Council may pass a by-law to authorize the payment of rebates to individuals who contributed to a municipal council candidate's election campaign.
- Campaign contributions for Ontario municipal election candidates are not eligible for federal or provincial income tax credits.
- A rebate program has been used in Oakville municipal elections and by-elections since 2003.
- The proposed calculation for the rebate program is a 50% rebate of eligible contributions, up to a maximum rebate of \$375.

BACKGROUND:

A campaign contribution rebate program was first introduced for the 2003 Oakville Municipal Election based on the recommendation of the Citizen Review Committee.

The rebate program intends to meet the following goals:

- to enhance the election process and encourage more candidate participation;
- to increase the proportion of candidate contributions sourced from individual electors compared to corporations and other organizations; and
- to create more interest in municipal elections, resulting in higher voter turnout.

Historical Use of the Rebate Program

Oakville Rebate Program	2006	2010	2014	2018
Number of eligible candidates	37	44	43	46
Number of candidates who participated in the program	14	28	22	42
Number of rebates paid	\$25,008	\$78,105*	\$40,777	\$99,948**
Eligible electors as of nomination day	112,458	121,330	125,722	125,718
Eligible electors who participated in the rebate program and qualified for a rebate under the program conditions.	364	465	264	292

*Note – Council resolution in 2009 changed the maximum rebate from a flat rate of \$200 to 50% up to a maximum of \$375.

**Note – Council resolution in 2017 changed the maximum rebate to meet the legislative change to eligible contributions, to a maximum of \$600.

In 2016, changes to the *Municipal Elections Act, 1996*, as amended (*MEA*), meant that corporations and trade unions were no longer permitted to contribute to candidates. 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.

For the 2018 municipal election, a contribution rebate program was approved by Council and a rebate of 50% of all eligible contributions was paid, with a minimum rebate of \$50 and a maximum rebate of \$600 (maximum campaign contribution to a single candidate is \$1200, in accordance with the *MEA*). As identified in the chart above, \$99,948 in eligible contribution rebates was issued for the 2018 municipal election.

Jurisdictional scan

Several municipalities have implemented a contribution rebate program including the Cities of Ottawa, Toronto, Mississauga, Markham, Vaughan, Whitby, and Ajax. The criteria for eligibility and rebate formulas vary between municipalities. Likewise,

the rebate payout amounts will vary greatly. Appendix B – Election Rebate Survey – provides comparative information on programs implemented in neighbouring municipalities, and outlines the collective scope and financial impact of contribution rebate programs for the 2018 municipal election.

COMMENT/OPTIONS:

Participation in the contribution rebate program by candidates is voluntary. The program requires candidates to issue receipts to donors who would then apply for a rebate from the town. Rebates would only be processed after the election, and after a candidate files their financial statements in compliance with the *MEA*. Contribution rebates are funded through the general revenues of a municipality. Campaign contributions for Ontario municipal election candidates are not eligible for federal or provincial income tax credits.

A rebate program enables a municipality to reimburse contributions made by individuals to a campaign of a candidate seeking election for mayor or councillor. The primary purpose of the program is to encourage participation in municipal elections by reducing the financial burden placed on candidates and campaign donors. With the legislation changes, continuing the program may provide for more opportunities to enhance the election process, encourage candidate participation, increase the proportion of candidate contributions sourced from individual electors, and create more interest in municipal elections.

A contribution rebate program, authorized under the *MEA*, is discretionary and no deadline is defined for establishing the program through a by-law. For administrative purposes, 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.

Staff recommend the passing of By-law 2021-122, a by-law to authorize the payment of rebates to eligible individuals who made contributions to candidates for office on the municipal council for the 2022 municipal election. This by-law outlines program eligibility, the calculation formula for issuing rebates, and sets out the minimum and maximum contributions eligible for rebates.

Proposed changes to the program

Proposed By-law 2021-122 outlines eligibility requirements, which specifies who shall not be eligible to receive a rebate under the program; a corporation or trade union, non-resident eligible electors, and in regard to his/her own campaign, a candidate or their family member. Staff recommend also restricting any individual who has been convicted of contravening section 88.9 of the *MEA* in connection with an act or omission with respect to a municipal election if the voting day in that election is less than eight years prior to Monday, October 24, 2022.

Staff recommend the maximum rebate amount be capped at \$375. Since the introduction of the program, the maximum rebate amount aligned with the legislated individual campaign contribution maximum amount. The legislation update made in 2016 increased the maximum contribution to a candidate's campaign from \$750 to \$1200. In benchmarking with surrounding Ontario municipalities (Appendix B), Oakville offers one of the highest rebate amounts. In addition, the COVID-19 pandemic will require processes and procedures to be resilient and adaptable to changing requirements. This will result in an overall budgetary increase to administer the election.

By reducing the maximum contribution rebate to \$375, staff estimate a savings of approximately \$24,000, based on 2018 numbers. This modest reduction in the maximum allowable rebate may help to offset a portion of the budgetary increase, while still meeting the program goals to possibly enhance candidate and voter participation.

Other than the conditions and eligibility requirements outlined above, the proposed program for the 2022 municipal election program is consistent with the program implemented for the 2018 municipal election.

CONSIDERATIONS:

(A) PUBLIC

Educating eligible contributors as to program rules and legislation limitations is critical. The role of candidates in assisting with this is crucial to the success of the administration of the rebate program.

(B) FINANCIAL

Costs associated with a 2022 contribution rebate program will be funded from the election budget.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

The Finance department processes rebate cheques as authorized by the Clerk's department. The Finance and ITS departments will be consulted to determine best the best method of implementing the program, and how the process can be digitally enhanced.

(D) CORPORATE STRATEGIC GOALS

This report addresses the corporate strategic goal(s) to:
Inspire public confidence through open, accountable and efficient delivery of government services and foster a community environment that engages residents of all ages, abilities and backgrounds.

(E) CLIMATE CHANGE/ACTION

This matter does not impact climate change.

APPENDICES:

Appendix A – Contribution Rebate By-law 2021-122

Appendix B – 2018 Election Rebate Survey

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