



FAIR ELECTIONS MARYLAND

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

If a similar campaign finance program were adopted in Howard County, it would be modeled after this Montgomery County bill. Though the following details are specific to the Montgomery County program, the matches and thresholds to qualify for a Howard County program will be adapted for Howard County.

On September 30th, 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 can qualify for matching public 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.
- A candidate running in an uncontested election will not be eligible for a match.

Timeline for applicants:

- Starting January 1st 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 publicly 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.

For more information visit www.fairelectionsmd.org or contact:

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The final bill is available online at

http://www.montgomerycountymd.gov/COUNCIL/Resources/Files/bill/2014/20140930_16-14.pdf