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ATTACHMENT 1
AGENDA #3a(

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VOTER-OWNED ELECTIONS Program, Summary
For the Town of Chapel Hill, North Carolina

Purpose

The Voter-Owned Elections (VOE) program gives candidates a voluntary option to finance their campaigns using public money rather than private money, but only if a large number of local registered voters authorize them to do so. The VOE program:

- encourages voter involvement and voter “ownership” of elections
 - eliminates the need for money from special-interest donors
 - puts realistic limits on campaign spending and fund-raising
 - ensures all qualified candidates can compete in elections, not just those with access to large amounts of money
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Who and When

The VOE program would apply to candidates for Mayor and town council of Chapel Hill beginning in the 2003 election. The Voter-Owned Election system is a voluntary program for all candidates. Non-participating candidates would be subject to all other campaign finance and election laws currently in force for Chapel Hill and the State of North Carolina, as well as the provisions of this measure for reporting periods.

How Does It Work?

Candidates must first demonstrate that they’ve earned the public’s trust in order to become eligible to receive public funding for their campaign. To qualify, candidates follow 3 steps:

STEP 1. Declare your intent to participate in the Voter-Owned Elections program.

STEP 2. Raise a number of small, qualifying contributions (\$5 to \$10) from registered voters eligible to vote in the forthcoming Chapel Hill municipal election.

The minimum number is:

- 200 contributions for Mayoral candidates
- 100 contributions for Town Council candidates

No qualifying contributions can be raised after you qualify. The deadline to qualify is six weeks after the candidates filing deadline has expired.

STEP 3. Submit a record of the qualifying contributions and also agree to:

- raise no private funds beyond the qualifying donations
 - accept a total spending limit
 - use the funds only for campaign purposes
 - return any unused funds to the Town
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What Does A Certified Candidate Get?

Candidates who qualify receive a competitive amount of public money for the general election. If a privately-funded, non-participating candidate raises or spends more than the VOE participating candidates, the VOE candidates receive additional funding, up to a set amount.

- VOE qualified candidates for the Town Council will receive \$5,000. (Eligible for up to an additional \$2,500 if outspent.)
- VOE qualified candidates for Mayor will receive \$10,000. (Eligible for up to an additional \$4,000 if outspent.)

In both cases the candidates are limited to spending the amount they receive in public financing.

What Does It Cost?

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- If EVERY candidate in the 2000 Chapel Hill council and mayoral race opted into the VOE program (3 candidates for Mayor, 10 candidates for Town Council), it is estimated that the Voter-Owned program would have distributed \$30,000 in public financing for Mayoral candidates and \$50,000 to the candidates for Town Council.
- Subtracted from that amount would be the total amount of qualifying contributions raised (\$625-\$1250 per Council candidate and \$1000-\$2000 for Mayoral candidates). The minimum amount raised in the 2001 election, with every candidate qualified under the VOE system, would have been \$9,250.

Who Oversees the Act?

The Orange Board of Election administers the VOE program, with advice from a 3-member Advisory Council appointed by the Orange County Board of Elections. It will recommend refinements to improve the program.

Seed Money

The Voter-Owned Elections (VOE) program allows candidates, who have declared their intent to run under the VOE system with the Orange County Board of Elections, to receive an initial small sum of public financing. VOE-declared candidates for Town Council are eligible to receive \$500 after collecting 25 qualifying contributions. VOE-declared candidates for Mayor are eligible to receive \$1000 after collecting 50 qualifying contributions. This "seed money" allows for the candidate to incur initial campaign costs while gathering the qualifying contributions. Candidates are also allowed to loan their campaign up to \$500 of their own money (or accept loans totaling no more than \$500 from family members limited to spouses, children, brothers and sisters and parents) while attempting to gather the qualifying contributions.

Rescue Money

In the event that a privately financed candidate outspends a VOE candidate, the VOE candidate will receive rescue funding. VOE-qualified candidates receive the average of the amount spent in the election cycle over their spending limits (\$5000 for Town Council, \$10,000 for Mayor) by their privately financed opponents. For example, if three non-VOE candidates for the Town Council raise \$6,000, \$7,000, and \$8,000 respectively, then each VOE council candidates would receive \$2,000 in additional funding.

How can the public financing be used?

VOE candidates must use the public financing for campaign purposes only. A campaign expenditure is defined as a cost incurred for the purpose of influencing the election or defeat of a candidate.

Where does the money come from?

The money will come from the general operating expenses of the Town of Chapel Hill, from the qualifying contributions raised by candidates seeking to receive funding from the Voter-Owned Election program, and by direct donations to the Voter-Owned Election program.

Reporting and Enforcement

All candidates for Town Council and Mayor, certified VOE candidates as well as non-certified VOE candidates, must provide the Orange County Board of Elections with a campaign finance report on the first Monday of each month, as well as 10 days prior to the election. The Orange County Board of Election will enforce the provisions of the VOE program. Candidates who are deemed by the Board of Elections to be in violation of the provisions of the VOE program are subject to the same criminal and civil penalties as are currently the law in Orange County and North Carolina for violation of campaign laws. Non-VOE-certified and non-VOE-participating candidates who raise, spend, borrow, or commit funds equal to 80% of the spending limit that would trigger rescue funds must notify the Board of Elections within 24 hours of the raising, spending, borrowing, or committing of funds.

Raising the Qualifying Contributions

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Qualifying contributions shall be made in cash, or by check or money order; shall be accompanied by a receipt fully identifying the contributor that includes a signed statement indicating that s/he fully understands the purpose of the contribution and that the contribution is made without coercion or reimbursement; and shall be turned over to the Board of Elections for deposit in the Orange County Voter-Owned Election Fund. Qualifying contributions shall be gathered by candidates themselves or by volunteers who receive no monetary compensation.