

# Campaign Finance Committee Recommended Draft (February 26, 2018)

*(Highlights below are for important items or those modified for Austin)*

## I. Austin Democracy Dollars Program

### (A) Austin Democracy Dollars Program's Purpose.

Democracy Dollars are vital to ensure all the people of Austin have equal opportunity to participate in political campaigns and be heard by candidates, to strengthen democracy, to fulfill the purposes of single-member districts, to enhance candidate competition, and prevent corruption.

### (B) Issuance of Democracy Dollars.

**(1) Amount and Delivery.** On the first business day of the year in every municipal election year, the Austin Independent Ethics Commission (hereafter "Commission") shall mail to each person who was by on or about the previous December 1 duly and actively registered to vote in the City of Austin, at his or her address in the voter registration records, one \$50 in Democracy Dollars Voucher ("Democracy Dollars") for each city-elected position that the person may vote for in Austin, for a maximum of two Democracy Dollars Vouchers. However, the Commission may deliver Democracy Dollars online or in other manners if the Commission so elects. Thereafter, the Commission shall regularly issue \$50 Democracy Dollars Vouchers for each city-elected position that the person may vote for in Austin, to any person becoming a duly registered City of Austin voter after the previous December 1<sup>st</sup>, up until the third Tuesday in November of the election year. Any adult natural person who resides more than 30 days in the City of Austin, and who is a registered voter, or is eligible to vote or donate under local, state or federal law, may opt in to the Program and obtain an equivalent number of Democracy Dollars Vouchers by application to the Commission. Any such eligible adult may request Democracy Dollars be mailed or emailed to an address other than that indicated in the voter registration records, or be delivered at the Commission offices, and as soon as the Commission shall have developed a secure system for such distributions of Democracy Dollars, including distribution online, in person, or to an address not listed in the voter registration records. No resident outside Austin, no corporation or other non-human entity, no person under the age of 18 years, and no person ineligible to make political contributions under federal law, may receive a Democracy Dollars Voucher. The Commission shall set by regulations the delivery dates, redemption dates, and other deadlines for Democracy Dollar Vouchers for special elections.

**(2) Form of Democracy Dollars.** Each \$50 Democracy Dollar Voucher shall state the holder's name, a unique voucher identification number, the election year, and words of assignment with blank spaces for the holder to designate a candidate and sign the holder's name, and may include such information the Commission deems helpful for verifying signatures such as the voter identification number and barcode, in substantially the following form:

<b>\$50</b>	<b>1 of ____</b>	<b>Democracy Dollars for 20xx Election</b>	<b>Jane Q. Public</b>
On [insert date] _____ / _____ / _____, 20xx, I, Jane Q. Public, a resident of the City of Austin, assigned this Democracy Dollars Voucher to a candidate for mayor or city council whose district they reside in named _____.			
I attest that I obtained this Democracy Dollars Voucher properly and make this assignment freely, voluntarily and without duress or in exchange for any payment of any kind for this assignment, and not for any consideration of any kind, and that I am aware that assignment does not guarantee availability of funds and is irrevocable. Assignment is complete upon			

delivery to Austin's Independent Election Commission, the named candidate, or her or his registered representative. Sale/transfer for consideration of this Democracy Dollars Voucher is strictly prohibited and constitutes a local and state crime. The Voucher may be redeemed only by qualifying candidates and only if such candidate has complied with additional contribution limits and restrictions and if the funds are available.

Signed: \_\_\_\_\_ on \_\_\_\_\_, 20xx.

Jane Q. Public

voter ID and bar code

**Voucher ID #123,456,789**

**(3) Assignment of Democracy Dollars.** Democracy Dollars Vouchers are only transferable or assignable as stated herein. Any person properly obtaining and holding a Democracy Dollars Voucher may assign it by writing in the name of the assignee candidate, signing the holder's name on and dating the Democracy Dollars Voucher where indicated thereon, and delivering the signed and dated Democracy Dollars Voucher to the candidate, to the Commission, or to any candidate's representative who shall be registered for this purpose with the Commission. Delivery may be by mail, in person (by any person the holder requests to deliver the voucher), or electronically via a secure online system. The Commission shall establish a secure online system for delivery of Democracy Dollars Vouchers to the Commission (without prejudice to any eligible person's right to receive Democracy Dollars Vouchers in the mail at his or her option) no later than prior to the 2022 election cycle, unless Commission determines this target date is not practicable; and in any event no later than the 2024 election cycle.

**(4) Limitations on Assignment.** A person may only assign a Democracy Dollars Voucher to a candidate who is on the ballot, has chosen to participate in the Austin Democracy Dollars Voucher Program and who has filed a signed statement of participation and pledge with the Commission as described below. No Democracy Dollars Voucher may be assigned after the day of the runoff election, or to any candidate filing for participation who then fails to qualify, loses, or becomes unqualified for the position sought or for the Program. A candidate or registered candidate representative may seek assignment in person or through representatives or by assisting a voter to access the Commission secure online system. A valid assignment is irrevocable. A person may assign only one \$50 Democracy Dollars Voucher to one candidate in a council district they reside in and one \$50 Democracy Dollars Voucher for one Mayoral candidate, if the mayoral election is on the ballot, in a given election cycle. Assignment or transfer for cash or any consideration is prohibited and constitutes a Class C misdemeanor under City law as well as state crimes. Offering to purchase, buy or sell a Democracy Dollars Voucher is prohibited and constitutes a Class C Misdemeanor under City law as well as state crimes. No person may give or gift a Democracy Dollars Voucher to another person, except by assigning it to a candidate as provided herein. Democracy Dollars Vouchers have no cash value and are not assets, income or property of the holder. A Democracy Dollars Voucher may not be assigned by proxy, power of attorney or by an agent.

**(5) Assignor Assumes Certain Risks.** A Democracy Dollars Voucher expires if the holder is no longer resident in the City of Austin, and in the case of Democracy Dollars Vouchers issued for a city council election, no longer is a resident of a city council district whose council member will be elected in the next city election, or no longer is eligible to make political contributions under federal law, if such circumstances take place prior to the assignment to a qualified candidate. The holder of a Democracy Dollars Voucher assumes the risk that he or she may change his or her mind after assignment, or that the Democracy Dollars Voucher may not have use or be redeemed due to any contingency, including but not limited to unavailability of Program funds; the assignee

candidate reaching the Democracy Dollars Voucher Aggregate limit, a candidate's death, disqualification, dropping out, failure to redeem or use the Democracy Voucher; a candidate not qualifying or violating the terms of qualification; or otherwise.

**(6) Democracy Dollars Voucher Replacement.** The Commission shall establish a secure process for replacing lost Democracy Dollars Vouchers.

**(7) Repeal.** All Charter provisions and Ordinances inconsistent with this Charter Amendment are repealed, including Austin City Code, Chapter 2-2, Article 2.

### **(C) Candidates Qualify by Showing Grassroots Support and Agreeing to Contribution Limits and Other Requirements**

**(1) Only Qualified Candidates May Redeem Democracy Dollars Vouchers.** Only a candidate who has filed with the Commission for participation in the Democracy Dollars Voucher Program may receive assignment of a Democracy Dollars Voucher. Only a candidate certified as qualified by the Commission may redeem a Democracy Dollars Voucher. Only a person eligible for and seeking the office of Mayor or City Council shall be eligible to file for Program participation.

**(2) Candidate Requirements for Program.** To seek qualification, the candidate shall file with the Commission, on or after July 1st the year before an election year and within four weeks after filing a declaration of candidacy as determined by the Commission, a sworn statement attesting to his or her intent to participate, asserting that the candidate shall timely file or has filed a formal declaration of candidacy for the office indicated, and that the candidate shall comply with Program requirements and applicable campaign laws. Such Program requirements are that the candidate: shall comply with campaign laws and contribution limits; shall not give their campaign a contribution or loan greater than the individual contribution limit in Austin City Charter Article III, Section 8; shall not knowingly themselves, or through their agents, solicit money for or on behalf of any political action committee, political party, or any organization that will make an independent expenditure for or against any City of Austin candidate within the same election cycle (for the purposes of this section, appearing as a featured speaker at a fundraising event for a committee or entity, or similar activities, shall constitute soliciting money for such committee or entity); and shall take part in at least three public debates for general and runoff elections each (as defined by the Commission, which may waive or reduce at its discretion the number of debates, if a qualifying candidate makes all reasonable efforts to participate in debates and similar public events). Further Program requirements are that a participating candidate for Mayor shall not solicit or accept total contributions from any individual or entity in excess of the contribution limits per election specified in Article III, Section 8 of the Austin City Charter, and a participating candidate for City Council shall not solicit or accept total contributions from any individual or entity in excess of a total of half of the contribution limits per election specified in Article III, Section 8 (including any contribution used to qualify for Democracy Dollars, but excluding the value of Democracy Dollars assigned to such candidate).

**(3) Qualifying Contributions and Signed Petitions.** To qualify for the Democracy Dollars Program, candidates shall show to the Commission's satisfaction that they have received at least the following numbers of signed petitions and "Qualifying Contributions" of at least \$10 but not more than the Program contribution limit for the office sought provided in (C)(2) above from individual adults (18 years of age or older), who are human natural persons residing in the City of Austin, and eligible under federal law to make political contributions: Mayoral candidates, at least 400; and City Council candidates, at least 150. The Commission shall maintain a list of qualified candidates and make it readily accessible to the public, including by publishing it on the Commission's website. The Commission shall establish rules for campaign disclaimers as to

whether candidates are participating or not in the Program. After every election cycle and public hearings, the Commission may adjust the Qualifying Contribution and signed petition thresholds as circumstances change to ensure that the purposes of the Program are fulfilled.

**(4). Seed Money.** Each qualifying candidate shall receive seed money of \$5000 within 5 business days of qualifying for the program pursuant to (C)(3) above. After every election cycle and public hearings, the Commission may adjust the seed money amount as circumstances change to ensure that the purposes of the Program are fulfilled. The seed money a qualifying candidate receives shall count against their voucher aggregate limit.

**(5) Voucher Aggregate Limits.** Participating candidates shall comply with all campaign laws and not exceed the following Voucher Aggregate Limits for Vouchers on hand which the candidate shall have allocated to the general or runoff election: Mayor \$300,000 for the general election, and \$600,000 total (for both general election and runoff election); and City Council, \$75,000 for the general election, and \$150,000 total (for both general election and runoff election). After every election cycle and public hearings, the Commission may adjust the voucher aggregate limit thresholds for inflation, or as circumstances change, to ensure that the purposes of the Program are fulfilled.

**(6) Further Limits on Redemption.** A qualified candidate may collect Democracy Dollars Vouchers for the runoff election before the general election takes place and allocate same to the runoff election, but may not redeem Democracy Dollars Vouchers for the runoff election unless such candidate advances to the runoff election.

**(7) Loss of Qualification.** A candidate loses qualification for the Program by publicly announcing withdrawal, abandoning the race, failing to advance to the runoff election, or if the Commission finds sufficient material violations of election laws or Program requirements such as violation of contribution limits, or fraudulent or attempted fraudulent transfer or assignment of Democracy Dollars Vouchers.

**(8) Redemption of Democracy Dollars Vouchers.** The Commission shall redeem Democracy Dollars Vouchers only after verifying the assignment by ensuring the Voucher was issued to an eligible person for contributing to that particular city-elected position, and verifying the signature written in the words of assignment, and only if redemption shall not put the candidate over the Voucher Aggregate Limit and only if Program funds are available. To verify signatures the Commission may employ other governmental agencies or others to verify signatures. The Commission shall redeem Democracy Dollars Vouchers on published regular redemption dates that shall be no less frequent than twice a month and may redeem Vouchers on other dates notified in advance if the Commission deems it practicable. The Commission shall not redeem any Democracy Dollars Voucher received on or after the general election day from any candidate who doesn't qualify for the runoff, or received on or after the runoff election day from any candidate in the runoff.

**(9) Limits on Use of Voucher Proceeds.** Candidates shall use Democracy Dollar Voucher funds only to pay their own campaign costs or debts, as defined by state and local laws, for the relevant election, and may not use such proceeds after a reasonable period (to be set by the Commission) following the election to pay campaign debts incurred before the election. Candidates shall not use Democracy Voucher proceeds for any cash payments or in violation of any law; nor to pay the candidate or family members within the 3<sup>rd</sup> degree of consanguinity and affinity for any goods, services, or things of value; nor pay any entity in which the candidate, or family members within the third degree of consanguinity and affinity, holds a five percent or greater ownership interest; pay any amount over fair market value for any goods, services or things of value; pay



any penalty or fine; or pay any costs related to contested elections, defense of campaign or ethics violations, inaugurations, or officeholder expenses; or donate any amount to another candidate, political committee, or non-profit organization. The Commission may promulgate regulations defining what constitutes campaign use that is stricter than state law. The candidate and their campaign are liable for their campaign's misuse of Democracy Dollars. The Commission may establish by rules a liquidated damages clause in participating candidates' agreements to participate in the Program.

**(10) Return of Democracy Voucher Proceeds.** A candidate who has redeemed a Democracy Dollars Voucher, then withdraws, dies, becomes ineligible, loses qualification, or is eliminated in any general or runoff election, or wins a general election, shall within a reasonable period, as defined by the Commission, pay all reasonable and necessary debts and obligations, account to the Commission and restore to Commission the Program "Unspent Democracy Voucher Proceeds." The Commission shall define "Unspent Democracy Dollars Voucher Proceeds" and the return process by rule.

#### **(D) The Commission's Authority and Penalties.**

**(1) Rules and Regulation.** The Commission has full authority on its own without approval of the City Manager or Council to pass rules and regulations to fulfill the purposes of the Democracy Dollars Program.

**(2) Enforcement.** The Commission has full authority on its own to enforce this Program through investigations, hearings, penalties, fines, sanctions, injunctive relief, and any other remedies.

**(3) Criminal Referrals.** The Commission shall refer any possible criminal violation of state law related to the Program to the appropriate law enforcement authorities for prosecution.

**(4) Penalties and Remedies.** A person commits an offense who violates intentionally and knowingly violates any Program provision, or who causes any other person to violate any such law, or who aids and abets any other person in a violation. An offense under this Article is a Class C misdemeanor punishable as provided by state law. Each failure to perform a required act, or commission of a prohibited act, is a separate offense. Each day that a violation persists is a separate offense. The penalties provided for in this section are in addition to any other remedies available under city or state law. The candidate and their political committee are both personally liable for all penalties, fines, and fees.

**(5) Should Commission Not Exist.** If the Commission does not or no longer exists, then its duties for the Program shall be assumed by the City Clerk or the Commission's successors.

#### **(E) Funding and Spending Limits.**

**(1)** The Commission shall establish a Democracy Dollars Program dedicated fund account into which all the Program's proceeds shall be deposited. This account shall be under the Commission's discretion and full control.

**(2)** These funds shall be deposited promptly into the Democracy Dollars Program dedicated fund account for the exclusive use of funding Democracy Dollars Vouchers: all candidate filing fees; all campaign finance, lobbyist reporting, and ethics fines, late fees, and criminal penalties; all donations and grants for the Program allowed by the Commission; all gross utility checkoff funds; utility transfer funds for the Program, interest or other gains from the dedicated fund, and any other funds designated for the Program.

(3) The Council shall provide the Commission the funds it needs to administer and publicize the Program.

(4) At the beginning of each calendar year, the City of Austin shall transfer as part of Austin Energy's general revenue transfer to the City \$1.5 million, as well as all other funds, to the Democracy Dollars Program fund.

(5) Beginning in July 2019, Austin Energy shall establish, implement, and promote a Democracy Dollars monthly checkoff on all utility bills as prescribed by rules of the Commission. The Commission may at its discretion use Austin Energy's mailings to promote the Program and delivery of Democracy Dollars Vouchers, and Austin Energy shall comply with and implement promptly the Commission's orders.

(6) If there is an excess of funds in the dedicated fund for the Program's current or reasonably foreseeable future use of Democracy Dollars, the Commission, at its discretion, may transfer the excess to the City's general fund.

(F) Implementation Date. The Democracy Dollars Program shall be implemented in time for the 2022 election cycle.