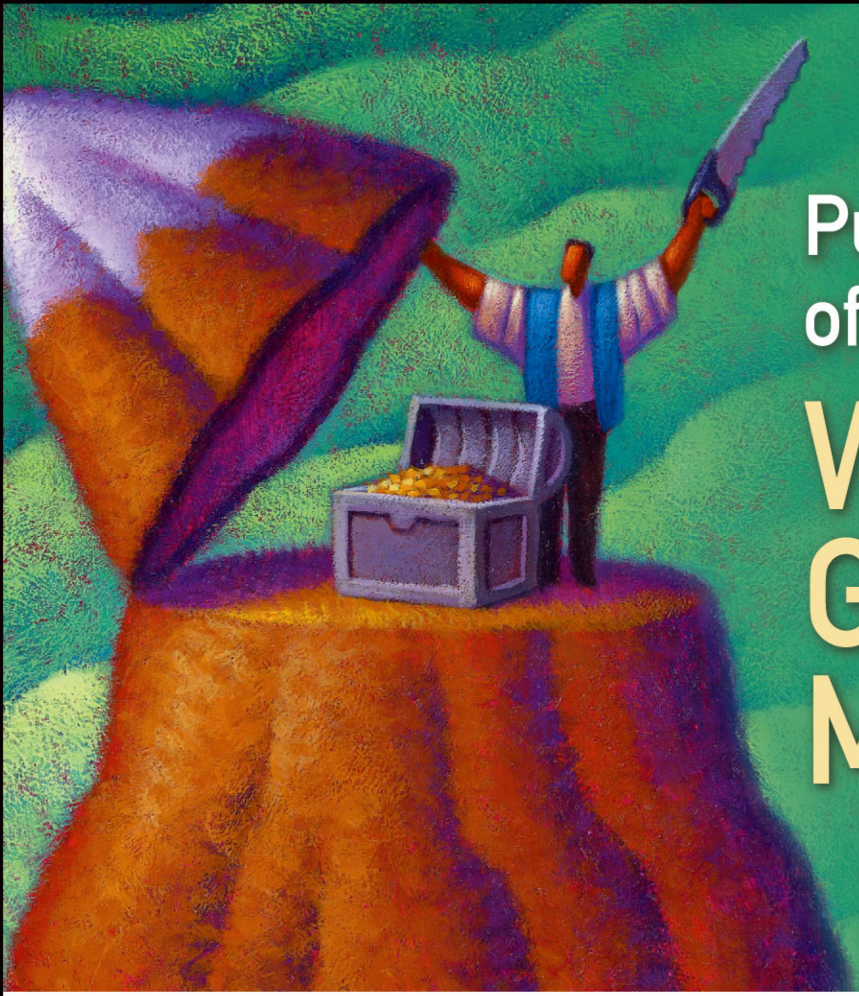

Public Financing of Elections: Where to Get the Money?

The Center for Governmental Studies
Solutions for Democracy

Public Financing of Elections:

Where to Get the Money?

Center for Governmental Studies
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Foreword

This report is the first systematic effort to identify new sources of money to fund electoral public campaign financing systems. Based on extensive research and interviews with campaign finance and fiscal experts across the nation, the report identifies over forty creative new sources of financing that state and local governments can use to providing funding for electoral campaigns. (See Appendix A for a list of individuals and organizations interviewed.)

Public financing systems today exist at all levels of government. The federal government (for presidential campaigns), 27 states and 11 cities and counties provide candidates or political parties with partial or full public financing to fund their campaigns.

The major challenge to widespread adoption of public financing systems is finding the money to fund them. This has become especially critical as states scramble to face massive new budget deficits. Public officials must now canvass every possible new opportunity to fund new and existing programs. The ideas and suggestions described in this report may help officials preserve existing public financing programs and/or create new ones.

Center for Governmental Studies Chief Executive Officer Tracy Westen wrote this report, with editorial assistance from President Bob Stern and Project Director Paul Ryan. Jeanette Rapp, former Consultant, California Senate Committee on Revenue and Taxation, provided invaluable research assistance. Rebecca Schwaner, Director of Finances and Human Relations, designed and formatted this report.

The Penney Family Fund provided generous funding to support the preparation and distribution of this report, together with a number of invaluable substantive suggestions during the report's preparation. The Penney Family Fund is not, however, responsible for the report's findings or conclusions.

CGS has spent two decades researching public campaign financing laws and issues, drafting model laws and ballot initiatives, advising elected officials and civic organizations on campaign finance laws and issues, testifying as expert witnesses in judicial proceedings, developing innovative new campaign finance remedies and answering requests for strategic assistance.

Additional copies of this report may be obtained from CGS or from the CGS website at center@cgs.org.

Public Financing of Elections:

Where to Get the Money?

"Public financing of electoral campaigns is perhaps the most important political reform to emerge in the past 30 years."[1]

INTRODUCTION

Many state and local jurisdictions, together with the federal government, now provide candidates for electoral office with partial or full public financing to support their campaigns. New jurisdictions continue to join their number. New Mexico recently approved full public financing for candidates for the state's Public Regulation Commission. North Carolina last year adopted full public financing of general election judicial candidates for state appellate and supreme courts.

Public financing systems provide candidates with new and independent sources of funding. Public financing lessens candidate dependence on special interest contributions, allows them to spend more time discussing the issues with voters, increases opportunities for women, candidates of color and political newcomers to run for office, and encourages candidates to accept voluntary limits on their overall spending.

Finding adequate sources of money to fund such systems, however, has become a significant obstacle to expansion of this important political reform. Widespread state budgetary crises, together with political pressures advocating tax cuts, have forced proponents of public campaign financing to identify creative new ways to support their proposals. Without new funding approaches, legislation or ballot initiatives proposing public campaign financing systems will encounter difficulties.

This report offers over 40 new ideas for funding public campaign financing systems. Drawing upon the Center's own experience, as well as conversations with dozens of state and local campaign finance and fiscal experts (see Appendix A for a list of persons and organizations contacted), the report offers a range of suggestions, including new sources of revenue, reallocations of existing revenues, reductions in tax credits and mandatory in-kind contributions (e.g., free media time).

This report uses the term "public financing" to describe all government approved methods for providing candidates and political parties with additional funding. Under this definition, public financing includes tax credits that encourage individuals to contribute their own money to candidates and repays these individuals in whole or in part by offsets against their state income taxes.

Overview: The federal government first adopted public financing for presidential candidates in the general election of 1971 and expanded it to primary election candidates in 1974. Under federal law, primary election candidates receive public funds to "match" private contributions. General election candidates receive full public financing (sometimes called "clean money"). Twenty-seven states now provide some form of public financing to candidates or political parties (see Appendix B for a listing of these states). Arizona, Maine, Massachusetts, New Mexico, North Carolina and Vermont provide full ("clean money") public financing to qualified candidates. Eleven cities and counties also provide local candidates with public financing (see Appendix C for a description of these local programs).

Federal, state and local governments use a wide variety of methods to fund their public campaign financing systems, including direct appropriations from the general fund, income tax check-offs, tax add-ons, tax credits, levies on criminals, fees on lobbyists and civil fines. Some jurisdictions fund their programs directly (e.g., through appropriations from the general fund). Others use disguised taxpayer payments (e.g., voluntary income tax check-offs that transfer general fund revenues into public campaign financing systems). Still others single out unpopular citizens and impose penalties upon their activities (e.g., additional fines or levies on criminals).

Politics: Voters have supported many public campaign finance reforms. Absent a motivating scandal (e.g., "Watergate"); however, elected officials often oppose them. Some elected officials raise ideological objections (e.g., "taxpayers should not be asked to fund candidates with whose views they disagree"). Some fear that voters will be unwilling to pay the additional costs of public financing systems. And some express personal concern that public financing will enable potential future opponents to launch more credible election challenges against them.

Voters have thus been forced to enact public financing reforms through the ballot initiative process in jurisdictions where it exists, instead of waiting for elected officials to adopt reforms through the legislative process. Indeed, voters have approved many public financing ballot measures over the explicit opposition of elected officials and political parties.

In Massachusetts, for example, although a majority of voters approved a ballot measure creating a new public campaign financing system, the state legislature refused to appropriate the funding for it. The Massachusetts Supreme Court ordered the legislature to fund the new public financing system, but the legislature still refused. The Court was ultimately forced to allow reform proponents to sell state property (chairs and tables from legislators' offices) to fund the program. Other instances of "civil disobedience" by elected officials (e.g., filing laws suits to invalidate reforms, or enacting legislation to supersede reforms) are well known.

Funding: A critical challenge facing all proponents of public campaign financing systems is identifying adequate and secure sources of revenue to fund them. With budget deficits facing many jurisdictions, proponents need innovative new ways to fund such programs and immunize them, to the greatest extent possible, from subsequent political tampering. The use of funding mechanisms to provide sufficient long term financing, and at the same time win widespread public acceptance, is vitally important.

Finding the money for public financing systems is essentially a political problem, not a financial problem. States could quite easily identify any number of funding sources to pay for public financing systems. Their resistance to doing so is usually based on political calculations—often by incumbents who fear greater competition for their jobs or worry that they will be subjected to ideological attacks ("you are raising everyone's taxes," etc.).

This report seeks to identify revenue sources that can support public campaign financing systems without, at the same time, generating overwhelming political opposition. Some analogous examples of this are instructive. In California, ballot measures have increased cigarette sales taxes to fund health and children's programs, dedicated a half-cent sales tax increase to counties for public safety purposes, and used portions of the vehicle licensee fee to fund local health and welfare programs. In each instance, voters approved tax increases because they were imposed on unpopular sources or used for popular purposes.

New sources of revenue for public campaign financing systems face common difficulties. One difficulty is simply generating enough revenue to fund campaigns adequately. Without this, candidates may reject public campaign financing altogether and continue their dependence on contributions from private sources.

Some proposed reforms can also encounter First Amendment concerns. Taxes or fees on specific speech activities can be challenged as a form of speech abridgement or "viewpoint discrimination." All such proposals, including those discussed in this paper, should be carefully reviewed to ensure compliance with the First Amendment.

Some of the proposed revenue sources in this report have a direct correlation with campaign financing problems (e.g., fees imposed on large campaign contributions or bond measures to support public campaign finance systems). Others are somewhat unrelated (e.g., slot machine taxes). If an unrelated revenue source is adopted via ballot measure, it may encounter "single subject" problems in some states.

In light of widespread budget deficits, the ideas and suggestions described in this report may be "seized" for other purposes by creative state legislators hungry for new sources of revenue. It may not be possible to "quarantine" good new ideas only for use in the public campaign finance arena. On the other hand, when budget crises pass, state legislatures may again increase spending on valued projects. That time will inevitably come again, and when it does, the ideas offered in this report may gain renewed currency.

NEW IDEAS FOR FUNDING PUBLIC CAMPAIGN FINANCING SYSTEMS

CGS has canvassed a wide range of fiscal and campaign finance experts and organizations to explore creative new ideas for sources of public financing revenue. It has also drawn on its own experience and contacts in generating the following list.

New Revenue Sources

The following approaches essentially attempt to create new sources of revenue for public campaign financing programs.

1. Tax Rates or Surcharges for Millionaires

This option would increase the highest income tax rates (or add a 0.1 percent surcharge) for individuals with gross incomes exceeding $1 million (or $2 million for married taxpayers) and direct the increased revenue to a public campaign finance fund.

Most states impose a progressive individual income tax. California, for example, applies six progressive marginal income tax rates to taxable income, ranging from 1 percent to 9.3 percent. In 2002, the maximum tax rate of 9.3 percent applied to single taxpayers with taxable incomes of $38,291 or more (and married taxpayers with taxable incomes of $76,582 or more). The tax brackets are adjusted annually for inflation. This proposal would impose additional costs on the wealthiest taxpayers and leave all others untouched. In California, for example, a 0.1 percent tax on millionaires would generate about $80 million a year.

2. Criminal and Civil Fines and Civil Filing Fees

This option would increase all criminal and civil fines by 10 percent and deposit the revenue into a public campaign finance fund.

This option is modeled on Arizona's "clean money" public campaign finance program. Arizona raises a portion of the funds for its Clean Elections program through a 10 percent surcharge on all civil and criminal fines and penalties. The Citizens Clean Elections Commission estimates revenues of $5.2 million in 2002 from fines, forfeitures and penalties.

In fiscal year 2002, Massachusetts raised about $5.3 million in speeding ticket surcharges and $1.3 million from Driving Under the Influence (DUI) fines. Massachusetts collects a total of $25.8 million in annual fines for civil motor vehicle violations. Massachusetts State Rep. Ruth Balser (D-Newton) has introduced legislation that would add a 10 percent surcharge onto most criminal and civil fines to pay for public financing of campaigns.

This approach imposes additional costs upon those who have committed a range of various offenses. Critics of this approach express concern that an increase in criminal and civil fines might unfairly impose financial burdens on people of color who, through racial profiling and other discriminatory means, may pay fees and charges out of proportion to their percentage of the population.

3. Punitive Damage Surcharges and Proportional Awards

This option would impose a surcharge (e.g., one percent) on all legal settlements, civil damage or punitive damage awards over $100,000 to state residents.

This option is modeled on a proposal developed by Democracy North Carolina to impose a penalty charge on legal cases involving civil damages or settlements of more than $100,000. Specific numbers can be varied (e.g., the percent surcharge could be increased beyond one percent, or the cutoff threshold of $100,000 could be raised or lowered).

As an alternative, portions of court awarded punitive damage awards could be transferred to a public campaign finance fund.

Some courts have imposed punitive damages against a defendant in civil litigation but not awarded all of the damages to the successful plaintiff. Instead, these courts have required a portion of the punitive damage award to be paid to an independent nonprofit fund. In 2002, for example, an Ohio court awarded $30 million in punitive damages against an insurance company that had denied treatment to a brain cancer victim. It allocated only $10 million to the victim's spouse, however, and directed the remaining $20 million to a cancer research fund.

Eight states have laws requiring plaintiffs to turn over portions of punitive damage awards (typically one-half to three-quarters) to the government. The justification for this division is that, although punitive damages are necessary to impose a significant deterrent on the defendant's conduct, they should not provide a windfall to the plaintiff. Instead, a charitable organization is the appropriate recipient for a large portion of a punitive damage award.

4. Transient Lodging (Occupancy) Taxes

This option would impose a one percent (the amount can vary) tax on transient lodging charges imposed in a state. The tax would apply to lodging costs incurred at hotels, motels, bed and breakfasts and inns.

This option is modeled upon the transient occupancy tax imposed by many cities and by counties in their unincorporated areas. Primarily state visitors, travelers and convention attendees would pay the transient lodging tax. According to the 1999-2000 Cities Annual Financial Transactions Report issued by the California State Controller, the transient lodging tax generated the largest single source of "other" tax revenues for cities, totaling $772.5 million, an increase of 10.63 percent over the prior year.

5. Elimination of Tax Exemptions, Credits or Deductions

This option would eliminate one or more tax "loopholes" contained in the sales, individual income or corporate income tax laws and direct the increased revenue to a public campaign finance fund.

A tax exemption shields specified people, property, institutions or sources of income or wealth from taxation altogether. A tax credit is an amount subtracted directly from the actual tax owed, usually an income tax. A tax deduction subtracts specific amounts from adjusted gross income to lower the amount upon which tax liability is imposed.

The success of this approach turns on identifying specific tax loopholes which, if eliminated, would (i) generate sufficient revenue to support or partially support a public financing program, (ii) not attack a special interest group which is sufficiently powerful to launch a negative advocacy campaign (e.g., homeowners wishing to keep their mortgage payment exemption) and (iii) mobilize the support of public opinion.

Potential examples are provided by the 2002 Center on Budget and Policy Priorities report, "Closing Common Corporate Income Tax Loopholes Could Raise Additional Revenue for Many States," by Michael Mazerov. The Center identifies three changes in corporate income tax law that could generate increased revenue: enacting a "throwback" rule[2] on income from sales in other states, closing the "passive investment company" loophole[3] and broadening the definition of "business income."[4]

As additional examples, the sales and use tax law of California currently exempts from taxation the sale or use of catalogs, letters, circulars, brochures, and pamphlets consisting substantially of printed advertisements for goods or services. The sales and use tax exemption was intended to make California printers and retailers competitive with out-of-state printers whose services would not be subject to California tax.

6. Changed Definition of Commercial Property "Sales"

This option would change the definition of a "sale" of commercial property, allowing increases in commercial property value to be assessed, and higher taxes collected, more frequently.

About three-fourths of the states impose a tax on property. When residential property is sold, it is relatively easy to determine when the transaction occurs and to collect greater taxes on its generally increased value (the purchase price). Commercial property sales, however, can be more complicated. When a publicly held company is sold, new management may control the corporation, but its shareholders may remain relatively constant. Publicly held corporations argue that such a sale of the company causes no "taxable event" for property tax purposes, since the ultimate property owners (the shareholders) have not changed.

One proposal would define a change of ownership of commercial property to include a cumulative turnover of at least 50% of the company's stock by multiple owners, instead of the acquisition of over 50% of the company's stock by one owner. In such cases, commercial property would be reevaluated more often, depending on how frequently shareholders in the aggregate turned over their stock. Such a redefinition would allow higher taxes to be collected more frequently.

7. "Split Roll" Property Tax System

This option would create a "split roll" property tax system (i.e., separate tax roles for commercial and residential properties) in those states that do not already have one, then increase the property taxes on commercial properties while leaving tax rates for residential properties unaffected.

In California, for example, Proposition 13 capped property tax rates in 1978 to prevent residential property taxes from rising to a point where owners would be forced from their homes. The property tax cap, however, was also applied to commercial properties, even though higher commercial property taxes would not endanger homeowners. The split roll option would give the state the option to assess property taxes separately on residential and commercial properties, thereby creating a new source of funding for public campaign financing systems.

8. Corporate Tax Surcharge

This option would impose a surcharge on the use of corporate tax incentives in excess of a specified amount.

This option is modeled after a proposal made by the governor of Nebraska in 2002 to impose a 20 percent tax credit surcharge on corporate use of tax credits of more than $500. This approach would not eliminate corporate tax credits. It would merely "tax" their use (or recapture some of the income lost through them).

9. New or Increased Sales Taxes on Discretionary Items

This option would impose increased taxes on discretionary consumer items (e.g., hunting and fishing licenses, indoor tanning, subscription cable television and direct broadcast satellite video services).

Kentucky Governor Paul Patton, for example, has proposed a nine percent tax on Direct Broadcast Satellites (DBS) and a six percent tax on cable television. Ohio Governor Bob Taft has proposed a tax on cable television. These proposals would raise taxes or fees on a carefully identified list of consumer items falling into categories of "discretionary" or "luxury" items.

10. Sales Tax on Advertising

This option would impose a sales and use tax[5] on the sales price of advertising, including billboards, TV and radio, newspaper and electronic media advertising.

Quebec's Broadcast Advertising Tax Act, for example, which was effective until June 3, 1992, imposed a 2 percent tax on the price of airtime for advertisements by radio or television broadcasting stations or cable television systems. The term "sale" included a sale, a conditional sale, an installment sale, an exchange, a lease or any other contract for airtime for the broadcast of an advertisement for a price or any other consideration.

An alternative option would impose a sales and use tax on political advertising only. Although this option might be seen as more relevant to public campaign finance systems, it might also fail to raise sufficient revenues.[6]

11. Sales Tax on Mail Order Purchases and Internet Sales

This option would require state participation in the Streamlined Sales Tax Project to simplify sales and use tax collections and encourage retailers to collect and remit taxes on remote sales. It would tap into increased sales tax revenues generated by participation in the interstate compact.

The Streamlined Sales Tax Project began in 2000 as an effort by states to reduce the burdens of sales tax collection by simplifying and modernizing sales and use tax collection and administration systems for retailers, remote sellers, and states. The expectation is that retailers will come forward and voluntarily collect taxes under the simplified system. In November 2002, representatives of 33 states and the District of Columbia voted to approve a multi-state agreement to establish one uniform system to administer and collect sales taxes.

In addition, current law does not require e-commerce and direct mail companies to collect and remit sales taxes on transactions that occur in jurisdictions where they do not have a physical presence. Under this proposal, states would begin to collect these taxes.

The federal "Internet Tax Freedom Act" imposed a three-year moratorium on new taxes on Internet access and on "multiple or discriminatory" taxes on electronic commerce. The act also established the Advisory Commission on Electronic Commerce to study federal, state, local and international taxation and tariff treatment of transactions using the Internet and other comparable intrastate, interstate and international sales activities.

In 1998, the California Internet Tax Freedom Act placed a three-year prohibition on local taxation of Internet access, bit or bandwidth, and on any discriminatory tax on Online Computer Services or Internet access. Under this proposal, such prohibitions would be repealed and the additional revenues dedicated to public campaign financing systems.

12. "Sin" Taxes on Alcohol, Cigarettes and Gambling

This option would increase existing taxes (sometimes called "sin taxes") on alcohol, cigarettes and gambling and direct the revenues received into a public campaign finance fund.

Many states impose a tax on the sale of alcoholic beverages and cigarettes. California law, for example, imposes tax rates ranging from 20-30 cents per gallon on beer, distilled spirits, wine and hard cider. These alcoholic beverage taxes and fees generated $288.4 million for the state General Fund in 2000-01.

California also imposes a tax of 87 cents on each package of cigarettes and uses the revenues for various state and local purposes (10 cents for the state General Fund, 25 cents for the Cigarette and Tobacco Products Surtax programs, 2 cents for the Breast Cancer Act program and 50 cents for the California Children and Families First Trust Fund program). The cigarette tax generated $126.7 million General Fund and $1 billion special funds in 2000-01. Some states also tax sales of state lottery tickets or winnings, casino gambling and riverboat gaming operations.

"Sin taxes" may be useful for several reasons. First, there is evidence that they discourage the use of the products that are taxed. Higher taxes may thus serve a separate social need, such as reducing onset smoking by individuals under the age of 18. Second, voters have frequently approved increases in these taxes, especially upon tobacco, so that they can have political support.

13. Mineral Severance Taxes

This option would impose mineral severance taxes on mining and extraction of oil and gas or logging in state forests. Other innovative taxes might be considered, such as a "carbon tax" on air pollution or global warming.

The state of Utah, for example, imposes a severance tax on the mining or extraction of metalliferous minerals equal to 2.6 percent of the taxable value of all metals or minerals sold or otherwise disposed of. An annual exemption upon the first $50,000 in gross value of the mineral is allowed for each mine.

"Metalliferous minerals" include any ore, metal, or other substance containing specified substances, including aluminum, arsenic, barium, boron, cadmium, calcium, chromium, cobalt, columbium, copper, gold, iridium, iron, lead, lithium, manganese, mercury, nickel, platinum, rare earth metals, selenium, silicon, silver, sodium, tin, titanium, tungsten, uranium, zinc or zirconium.

The state of Kansas imposes a mineral severance tax based on the value of oil and natural gas removed from the ground. The severance tax on natural gas raised an estimated $48.1 million in the 1998 fiscal year. The oil tax raised an estimated $14.5 million.

14. Vehicle License Plate Fees

This option would require the state to issue specialized license plates to support "Political Reform" or "Clean Money" and deposit the revenues collected from the sale of the license plates into a public campaign finance fund.

A number of states collect special fees for the sale of personalized license plates. The state of Virginia, for example, offers approximately 180 special plates. These plates promote colleges and universities, branches of the military, and special interest organizations such as conservationists, professional organizations and hobbyists.

California authorizes the sale of thirteen specialized license plates. Generally, a minimum of 7,500 applications for a specialized license plate must be received before the Department of Motor Vehicles will issue the specialized plate.

15. Fees or Surcharges on Bids for State Contracts

This option would impose an additional fee on bids for state contracts and deposit the revenues received into a campaign finance fund. Each contractor could pay a fee for submitting a bid on a state or local contract. A flat fee could be imposed on each bid, or a sliding scale could be used to assess a fee based on the value of the bid, or a fee could be imposed after the contract is awarded based on a percentage of the contract's value.

All states enter a wide array of contracts for the provision of goods or services. More and more of these contracts are "sole source" contracts and not put out for competitive bid. Given the potential conflict of interest inherent in sole source contracts and the periodic questions raised or scandals caused by the practice (e.g., the Oracle software contract in California), a fee or surcharge imposed upon sole source or all contracts might be appropriate. Even a small fee could generate significant sums to support public campaign financing.

16. Fees or Surcharges on Regulated Industries

This option would impose a small fee or surcharge on revenues generated by regulated industries in a state and place those revenues in a public campaign finance fund.

New Mexico, for example, recently approved a new "clean money" public financing law for candidates to the five-seat state Public Regulatory Commission (PRC). The program is funded by assessments on industries regulated by the PRC. Additional inspection and supervision fees on carriers, utilities and other industries, as well as additional fees on insurance premiums, support the $300,000 clean money fund.

In addition, New Mexico State Senator Dede Feldman recently introduced a bill (Senate Bill 222, first 2003 legislative session), which would impose an additional six thousands of one percent surcharge on the revenues of carriers. Even if carriers transfer these costs to ratepayers, the amounts per individual ratepayer would be extraordinarily small. In the aggregate, however, the revenues might be sufficient to fund a public financing program.

New Mexico's experience suggests that canvassing the list of regulatory fees paid by businesses within a state might be a fruitful inquiry for new funding sources. If supplemental fees are kept low, industry opposition might be lessened.

17. Tax Amnesty Programs

This option would implement a tax amnesty period. States could collect unpaid and overdue taxes, without taxpayers paying late filing penalties, and place the additional revenues into a public campaign finance fund.

A November 2002 report by the Federation of Tax Administrators indicates that 40 states, plus the District of Columbia, offered tax amnesty programs between 1982 and 2002. For example, the state of California offered a tax amnesty program in 1984 for the Sales and Use and Personal Income Tax laws. The program waived penalties and criminal sanctions for non-reporting or underreporting of tax liabilities. The FTA report indicates California's tax amnesty program generated $154 million in personal income tax payments and $43 million in state and local sales tax payments.

This approach has considerable appeal. It is limited, however, by the fact that it can be tried relatively infrequently. For this reason, it might be more appropriate for creating a "trust fund" out of which public financing programs might be financed in whole or in part.

18. Voluntary Attorney Fees or Corporate Contributions

This option would allow attorneys to contribute a voluntary fee to the public campaign finance fund.

This option is modeled on the North Carolina public campaign finance program for election of Supreme Court and Court of Appeal justices. Attorneys are required to pay a $50 fee to the State Bar to renew their licenses. Attorneys are also given the option of paying a voluntary $50 fee to the public campaign finance fund. This option might be supplemented by allowing corporations to pay, in addition to required corporate filing fees, a voluntary fee to the public campaign finance fund.

Although such voluntary programs typically do not generate sufficient funds to support public campaign financing programs, particularly in larger states where funding costs are higher, they might be useful as a partial or supplemental source of funding in smaller states. In addition, they may allow attorneys and corporations to say they "gave at the office" when approached for money by candidates, and this might provide them with an extra incentive to contribute.

19. Public Campaign Finance Bonds

This option would require the state to issue Public Campaign Finance Bonds, subject to voter approval, to fund the Public Campaign Finance Fund.

Although bonds are generally issued to build or support long-term capital facilities, such as buildings or stadiums, there is precedent for the use of bonds in supporting an operating program. During World War II, Americans supported the war effort by purchasing Liberty bonds. Sold by the U.S. government, the "war bonds" raised money for the war and helped bond purchasers feel they were doing their part for the war effort.

Public Campaign Finance bonds, if approved by the voters, would be supported by the full faith and credit of the state general fund. The state general fund would bear all costs of redemption and interest payments.

Bonds are typically used by the state to finance capital outlay projects and the acquisition of land. Capital outlays include projects to construct or renovate buildings and other infrastructure. Bonds allow the state to acquire expensive assets that it could not afford on a "pay-as-you-go" basis. The state borrows money from investors and then repays the borrowed money (principal), plus interest, over a period of years. Recognizing that the costs of paying off the bonds are shared with future taxpayers, bonds are typically used for long-lived assets, rather than ongoing operating costs.

The state issues general obligation (GO) bonds, revenue bonds, and lease-payment (lease-revenue) bonds. When people talk about what bonds to place on the ballot, they usually refer to GO bonds (non-self-liquidating). The state debt is the amount of money (the outstanding principal) the state still owes bond investors. Debt service is the annual amount the state pays to the bond investors and includes principal and interest.[7] For example, in the proposed budget for 2003-04, the governor of California estimates expenditures of $1.9 billion for debt service payments to holders of General Obligation bonds and commercial paper.

20. Slot Machine Taxes

This option would impose a tax on the sale of slot machines to a lottery organization (e.g., an Indian Tribe), or on the revenues generated by the use of the slot machines. (There may be special jurisdictional problems involved in imposing this tax on Indian Tribes, which are often exempt from various forms of state and federal regulation.)

A December 22, 2002, *Sacramento Bee* article by Steve Wiegand on Indian gaming in California indicates that the 20-year compacts negotiated by the governor some years ago allow certain specified issues to be “reopened” in 2003. Under federal law, states cannot tax tribes, but under various “compacts,” certain tribes have agreed to pay the state 7.5 percent of their net revenues. When an opportunity for negotiation arises—for example, when tribes want more slot machines, and the state wants more revenue—this may be an appropriate moment for negotiation.

21. Refundable Deposits on Containers

This option would impose a refundable deposit on aluminum, glass, plastic and cardboard beverage containers purchased in the state. Excess revenues from deposits that were not redeemed would be directed to the public campaign finance fund.

Various states have enacted beverage container recycling programs. For example, the California Department of Conservation administers the California Beverage Container Recycling and Litter Reduction Act enacted in 1986. The primary goal of the recycling program is to achieve and maintain high recycling rates for each beverage container type included in the program. Consumers pay a refundable deposit when they purchase beverages in specified containers from a retailer and are reimbursed when they redeem the container at a recycling center.

The Department of Conservation reports Californians bought more than 17.5 billion carbonated and non-carbonated drinks in aluminum, glass, plastic and bi-metal containers last year. More than 10.5 billion of those containers were recycled; however, 7 billion were not returned, and that money could be used for public financing programs.

As an alternative, states could dedicate unclaimed existing container deposits to a public campaign finance fund. About eleven states require customers to place a deposit on containers. A significant portion of this money is never reclaimed.

Delaware, for example, requires a 5-cent deposit on bottles of beer and carbonated beverages of 64 ounces or less. A 2002 Delaware study reported that only 29.5 percent of roughly 40.5 million plastic soda bottles were redeemed and about 36.5 percent of beer bottles were returned. In California, Hawaii, Massachusetts and Michigan, businesses surrender unclaimed deposits to the state. In Delaware and six other states, the money is left with bottlers and distributors.

22. New or Enhanced State Lottery Revenues

This option would create a new state lottery and direct specific lottery revenues into a public campaign finance fund.

Various states operate state lotteries. For example, the Virginia State Lottery operates several instant-win scratch-off games, as well as popular number games. More than half of the money raised from ticket sales is paid out in prizes; about 35 percent goes to the state's general fund earmarked for public education. Unclaimed prize money, about $7 million a year, is used specifically to build or renovate schools. The Virginia State Lottery has collected more than $4 billion for the state.

Alternatively, states with existing lotteries could be required to add new games or features. The revenue from those additional could be directed to a public campaign finance fund.

23. "Jock Taxes"

This option would impose (or increase) a "jock tax" or income tax on visiting professional athletes who may live elsewhere but play professionally in the tax imposing state.

Approximately 20 states now impose such taxes, typically aimed at athletes who live in other states with no state income tax or a very low income tax rates. Alex Rodriguez, for example, lives in Texas, which has no state income tax. Wisconsin requires Rodriguez to pay about $9,000 in "jock taxes" in order to play a few innings of exhibition baseball. Critics, however, argue that the "jock tax" can affect lower income individuals (trainers, scouts), exclude other professionals who work in multiple states (attorneys, doctors, corporate executives) and may create larger administrative burdens (multiple state filings).

24. Sales of Surplus Property

This option would authorize the sale of surplus state land and property and direct the proceeds to the public campaign finance fund.

This option is based on the Oregon Cultural Trust model. The Oregon Cultural Trust is funded through three mechanisms, one of which is the conversion of surplus state-owned assets. The enabling legislation requires a specified portion of proceeds from the sale of real property to be transferred to the trust.

In the state of Utah, the mission of the Division of Surplus Property is to manage a consolidated state and federal surplus property program that allows state agencies and units of local government to expeditiously dispose of and acquire surplus property.

In the state of North Carolina, the State Surplus Property Agency acts as the medium through which transfer or sale of all surplus property among state agencies, universities and other state institutions is administered. This is done by sealed bid, negotiated sale or public auction.

25. Taxpayer-Funded Tax Add-On Programs

This option would allow taxpayers voluntarily to designate an additional amount on their state tax return to be placed into a public campaign finance fund. This proposal in essence is a method for taxpayers to make voluntary contributions through their annual tax returns.

It is useful to distinguish between what in this report are referred to as "tax add-ons" and "tax check-offs." A "tax add-on" is a voluntary contribution from a taxpayer to a specified recipient that increases the taxpayer's actual tax bill. These generally are politically acceptable but may not raise sufficient amounts to fund a public financing program. A "tax check-off" allows a taxpayer to allocate a portion of existing state revenues to a designated fund. This option does not raise a taxpayer's taxes.

This option is modeled on tax add-on programs offered in various states. A March 2001 Federation of Tax Administrators Article on State Check-off Programs reveals 179 such programs in 41 states and the District of Columbia. The article indicates that most such programs involve donations from taxpayer funds or taxpayer liabilities. States with their own tax programs generally offer a number of options—permitting contributions to more than one charitable or social program.

Tax add-on programs have the advantage of being voluntary and not mandating increased taxes. Their principal disadvantage, however, is their voluntary nature. Very few individuals voluntarily contribute money to tax add-on programs.

26. Temporary Tax Extensions

This option would extend temporary taxes (e.g., sales and use tax, individual income tax or corporate income tax) enacted to balance a recent state budget and then deposit the revenues into a public campaign finance fund.

Due to the recent economic downturn, many states are facing potential budget shortfalls of significant proportions. It is reasonable to anticipate that budget cuts, loans and new taxes will be needed to balance many state budgets for 2003-04. It is also reasonable to expect that many of the tax increases will be temporary in nature, scheduled to sunset once state revenue receipts begin to increase again.

27. "Democracy Endowment"

During the 2000 presidential election, candidate Al Gore proposed the creation of a "Democracy Endowment" to fund political candidates. Under this proposal, designed to operate like a university endowment, individuals and businesses would receive a 100% tax deduction for contributions to the endowment. Gore projected that over seven years a $7.1 billion fund could be created. Thereafter, interest on the fund would pay for candidate campaigns. A similar Endowment might be created at the state level. Additional sources of funding listed in this report (e.g., from specialized license plate fees, surcharges on civil fines, etc.) could be added to provide support for the Endowment.

28. "Patriot Credit Card" and Campaign Vouchers

Professor Bruce Ackerman of Yale has proposed that registered voters be issued a red-white-and-blue "Patriot" credit card for use in specific elections (for president, senator, mayor, city council, etc.). The credit card might be credited with a $10 balance for a specific election. Candidates would first qualify for receipt of Patriot card funds by raising a specified number of signatures. Once they had qualified, they would seek to persuade voters to transfer some or all of their Patriot card balance to the candidate's account. Cash and other forms of money would be prohibited.

Similar proposals have suggested that all voters be issued "vouchers" which can be contributed to candidates and used to purchase campaign services. Voters would allocate their vouchers according to their own personal preferences.

29. Larger Campaign Contributions With a Percentage of the Increase for Public Financing

This option would allow a state to adopt two contributions limits. The first and lower limit (e.g., $200 per contributor) would apply to all contributions. The second and higher limit (e.g., $500 or $1,000 per contributor) would only apply to candidates who voluntarily agreed to remit a percentage of the larger contribution (e.g., 25 to 40 percent) to the public campaign finance fund.

This option is modeled on a proposal developed by Democracy North Carolina to adjust contribution limits down and allow candidates and political parties to receive larger contributions only if a portion (1/3 to 40 percent) of the contribution is deposited into the campaign finance fund. (Example: Reduce the contribution limit to $1,000, but allow contributions of $4,000 so long as $1,000 is forwarded into the Public Campaign Finance Trust Fund.) Note: This proposal may raise potential First Amendment issues (an argument might be made that this is a "tax on speech").

Dedication or Reallocation of Existing State Revenues

The following proposals essentially seek to reallocate existing state revenues for new public campaign financing purposes.

30. General Fund Appropriations

This option would appropriate an amount of existing state General Fund revenues to the public campaign finance fund annually, subject to a voter-approved statute or constitutional amendment reallocating those funds.

This option would simply draw on the state's general fund to support a public campaign finance program. It would, however, immunize this dedication of state revenues from other uses during economic downturns.

An example exists in California, where the legislature and governor agreed to dedicate a specified portion of annual general fund revenues to infrastructure. ACA 11, approved in the 2002-03 budget agreement and scheduled to appear on the March 2004 ballot, would transfer one percent of general fund revenues to the California Twenty-First Century Infrastructure Investment Fund. The General Fund transfers would increase annually until reaching a maximum of 3 percent of General Fund revenues. Other jurisdictions, such as New York City, directly fund their public campaign financing system by drawing on the city's general fund.

31. Refunds for Political Contributions

This option would refund to a taxpayer up to $50 for a contribution of up to $50 to any candidate or political party.

This option is based on the Minnesota model refund program. Minnesota has implemented a Political Contribution Refund Program under which individuals who donate up to $50 to candidates or political parties who agree to expenditure limits can receive a direct refund from the state of up to $50 per year per contributor (see www.cfboard.state.mn.us). This differs from a tax credit where the state refunds the contribution immediately instead of annually.

32. Free Candidate Statements in Government Published Voters Guides

This option would require state or local governments to publish free candidate statements in ballot pamphlets or other official voter information materials, including Web-based voters guides.

Many state and local governments already distribute free ballot pamphlets to all registered voters. These contain pro and con arguments from ballot measure committees and, in some instances, statements from candidates. In some cases, these statements are provided free; in others, the individual or organization making the statement must pay for the costs of inclusion.

This proposal would require state or local governments to allow candidate statements to place free statements in ballot pamphlets or online voter guides. This might be viewed as a dedicated form of public financing, since it provides candidates and ballot measure committees with a government subsidized form of communication. Because it earmarks money for direct voter communication instead of placing that money directly in the candidates' pockets, it may potentially garner stronger public support.

33. Candidate Media Vouchers

A more ambitious proposal would be to require state or local governments to provide candidates (perhaps limited initially to statewide races) with "vouchers," which they could use to purchase radio, television or newspaper advertising time.

A similar approach has been proposed at the federal level. On October 16, 2002, U.S. Senators McCain, Feingold and Durbin introduced S. 3124, the "Political Campaign Broadcast Activity Improvements Act." The Act would raise $750 million in funding from a one percent spectrum usage fee on total broadcast licensee gross revenues. It would use those revenues to pay for broadcast time "vouchers," which would be distributed by the political parties to deserving candidates and redeemed by them in exchange for broadcast commercial time.

A similar approach at the state and local levels would provide candidates with free opportunities to acquire broadcast advertising time. Note, however, that because the federal government has preempted non-federal governments from regulating broadcasting, state and local governments cannot require broadcast stations to provide candidates with free or reduced rate airtime. At best, they can fund free air-time vouchers redeemable by candidates. State regulation of cable television systems has not been federally preempted, however, and these systems might be treated differently (see below).

Similarly, government owned public radio and television stations, and local public, educational and governmental (PEG) access cable television channels, might be required to offer candidates free opportunities to present short statements of their views and positions to the public (see Section D below).

34. State Funded Tax Check-Off Programs

This option would allow taxpayers, by checking a box on their state income tax return, to allocate a portion of state funds to a public campaign finance fund or a political party of their choice.

This option is modeled after federal law, which allows federal taxpayers to direct $3 in federal funds to the presidential election fund. Designation of the $3 amount does not affect the amount of tax paid or the refund received by the taxpayer.

Unlike "tax add-on programs," which allow taxpayers voluntarily to increase their own tax payments and earmark the resulting revenues for specific funds, tax check-off programs do not raise taxes. Instead, they allow taxpayers to allocate other state funds for specific purposes. Twenty-two states have political campaign check-off or add-on programs (15 are check-offs and 7 are add-ons).

According to a March 2001 Federation of Tax Administrators Article on state check-off programs, federal and most state political campaign check-off programs transfer payments for public financing systems directly from government funds. Contributions in 2000 ranged from $1.18 million in Michigan to $1,660 in New Mexico.

In Utah, a tax filer whose tax liability is $2 or more ($4 for a joint filer) may designate $2 to be distributed to the campaign fund of a political party selected by the filer. One-half of the contribution is distributed to the selected political party's state organization, and one-half is distributed to the selected party's organization in the donor's county. In 2000, $114,100 was donated to seven Utah political parties.

35. Reverse Tax Check-Off

This option would automatically allocate $1 in state funds per taxpayer to the public campaign finance fund, unless the taxpayer elects to opt out of the program.

This option is modeled on legislation proposed in North Carolina in 2002. The legislation provided that $1 of each taxpayer's tax payment would be contributed to the public financing fund unless the taxpayer checked a box on the tax form to opt out of the program. North Carolina estimated revenues of $4 to $5 million annually.

65. Candidate Qualifying Contributions

This option would provide that qualifying contributions collected by candidates must be deposited in the public campaign finance fund.

This option is modeled on the Maine Clean Election Fund program, which requires that candidates for the House collect 50 individual contributions of $5. Candidates for the Senate must collect 150 contributions of $5. Candidates for governor must collect 2,500 individual contributions of $5. These qualifying contributions must be deposited into the Clean Election Fund.

The amounts of money collected from this approach may not be large. In smaller states, however, particularly when combined with other sources of revenue, this proposal might assist in supporting the overall public financing program.

37. Penalties for Public Campaign Finance Law Violations

This option requires that civil penalties collected for violations of the public campaign finance law be deposited into a public campaign finance fund.

This option is modeled on the Arizona Citizens Clean Elections Act, which requires that civil penalties for violations of the act be deposited into the Clean Elections Fund.

Tax Credits

A tax credit is an amount subtracted directly from the actual tax owed, usually an income tax. A tax credit—e.g., a 100% tax credit for contributions up to $100—embodies a decision by the state to forego receiving specific tax revenues (in this case $100) in exchange for some benefit (in this case, simulating private contributions to candidates). If a state decides to make up the lost revenue through some other revenue source (e.g., an increase in sales taxes), then a tax credit is really a disguised form of (indirect) public financing.

Political tax credits have certain advantages. First, they allow each taxpayer to decide where to direct his or her contribution. This avoids the argument that public financing might fund candidates with whom the taxpayer might disagree. Second, they may encourage candidates to seek out small contributions and simultaneously engage contributors more directly in candidates' campaigns. Third, tax credits have the political advantage of not appearing to be a "tax" (Republicans, in particular, have supported the concept of tax credits generally).

Political tax credits also have certain disadvantages. First, they only benefit individuals who pay taxes. Second, they only benefit individuals who are financially able to make contributions. Even a 100% tax credit (in which a contribution of $100 would save the taxpayer $100 on his or her tax return) may not attract low income taxpayers, because they may not be able to afford to wait the many months before they benefit from a tax credit (when they file their tax return). Third, tax credits may be an inefficient way of generating candidate revenue, because they provide a windfall to taxpayers who are already making candidate contributions. Finally, tax credits may be accused of being a "hidden form of public financing," for they involve a clear drain on the public treasury.

38. Tax Credit for Contributions to Candidates

This option would provide taxpayers with a political tax credit for contributions to candidates.

This tax credit could vary in amount. For example, it could consist of a 50 percent tax credit (a $100 contribution would decrease a taxpayers tax bill by $50), a 100 percent tax credit (in which case the taxpayer could make a free campaign contribution), or even a 150% tax credit (in which case the taxpayer would actually make money on his or her contribution). Some of these options are described more specifically below.

A political tax credit could also be encumbered with valuable conditions. For example, taxpayers might only receive a tax credit if they made a contribution to a candidate who accepted expenditure ceilings. Or taxpayers might only qualify if they made a contribution (to a candidate in their own electoral district).

39. 100% Tax Credit

This option would reimburse a taxpayer for the entire amount of his or her contribution.

Arizona provides taxpayers with a 100 percent tax credit on certain contributions. Citizens may receive a dollar-for-dollar credit on their state tax return up to $500 or 20 percent of their state income tax, whichever is greater.

Alaska for many years provided taxpayers with a 150% reimbursement on their $100 contributions. A $100 candidate contribution generated a $100 tax credit plus a $50 rebate from the state based on the state's plentiful receipt of oil tax revenues. (This program has since been discontinued.)

In Ohio, any contributor who pays state income tax can receive a 100 percent refundable tax credit for contributions—up to $50 for a single filer and $100 for joint filers—to state candidates. If contributors contribute $50 or less, they receive it all back. If they contribute more, they get the first $50 or $100 back.

40. 50% Tax Credit

This option would provide a tax credit equal to 50 percent of a political contribution, not to exceed $50 for single tax returns and $100 for joint returns.

This option is modeled on tax credit programs currently operating in several states, including Ohio, Oregon and Virginia. Oregon donors can receive a tax credit limited to $50 for a single filer and $100 for joint filers for contributions to candidates, political action committees and major political parties. The credit may not exceed the filer's tax liability. In Virginia, the tax credit is equal to 50 percent of a political contribution made to candidates for state and local offices, not to exceed $25 for single filers and $50 for joint filers. The Virginia credit is limited to contributions for a primary, special, or general election held in the year in which the contribution is made.

41. Corporate Tax Credit for Political Contributions

This option provides a tax credit for corporate contributions to a political party or candidate in an election.

This option is modeled after a tax credit available to corporations in British Columbia that make specified political contributions. The tax credit is equal to the lesser of (1) the total of 75 percent of contributions up to $100, fifty percent of contributions between $100 and $550 and thirty-three and one-third percent of contributions in excess of $550, or (2) $500.

This option may not be helpful in the majority of states, since they do not allow corporate contributions at all. Concerns may be raised that this will encourage corporate contributions in states that do permit them (although this concern may be lessened in states with low corporate contribution limits).

42. Tax Credit for Combinations of Contributions: The Oregon Trust Fund Model

This option would provide a 100 percent tax credit to taxpayers who make one voluntary contribution to a political campaign or political candidate *and* a contribution of equal or greater value to the Public Campaign Finance Trust Fund.

This option is based on the Oregon Cultural Trust model. The state of Oregon offers a tax credit to taxpayers who have made a charitable contribution to a nonprofit cultural organization and a charitable contribution to the Oregon Cultural Trust. Such taxpayers are eligible for a tax credit equal to 100 percent of the contribution to the nonprofit cultural organization or the Oregon Cultural Trust, whichever is less. The maximum tax credit is $500 for individuals, $1,000 for joint filers and $2,500 for corporate taxpayers. Taxpayers may also be eligible to claim a deduction for their charitable contributions.

The Oregon Cultural Trust is funded through three mechanisms: the sale of "surplus" state property, the sale of specialized license plates and taxpayer contributions. The ultimate goal of the trust is a $200 million endowment. The trust broadly defines "arts" and "cultural activities," thereby increasing its appeal and its constituencies.

The Oregon Cultural Trust estimates revenues to the Oregon Cultural Trust of $2 million (and state revenue losses in an equal amount) for 2002. It should be noted that this is not an annualized revenue forecast. Contributions to the Oregon Cultural Trust were authorized only for the month of December in 2002.

Government Mandated or Permitted In-Kind Contributions

Interesting remedies may also be found in government-mandated in-kind private contributions. These might be viewed as tantamount to state mandated public financing but without cost to the taxpayers. Some of the costs would be born by private companies.

43. Cable Television Time Set-Aside

This option would provide candidates and ballot measure committees with free time on cable television "access channels" to present their views to the public.

Federal law allows local franchising authorities (typically cities, but in some cases counties or even the state itself) to require cable television companies to set aside channel capacity for speech originated and controlled by members of the public, educational institutions or local governments ("PEG access channels"). Some cities already provide candidates with free access to PEG access channels during elections. Others allow candidates to videotape statements on a range of issues for transmission over city mandated access channels.

Local cable television franchising authorities (typically cities) have the power to make local public, educational and/or governmental access channels available for free candidate statements. In addition, since states can control the rules and regulations by which cities franchise and regulate local cable television systems, state law could require cities to make their local access channels available for this purpose.[8]

44. Billboard Space Set-Aside

This option would require billboard companies to make available a certain number of billboards (e.g., 5% of their total space) without charge to candidates, on a first-come, first-served basis, during the last month before an election.

This requirement might normally pose First Amendment issues, since it would compel billboard companies to present messages without control over their content. Cf. *Wooley v. Maynard*, 430 U.S. 705 (1977) (state cannot compel drivers to display state imposed message on their automobile license plates). On the other hand, such a requirement could be justified on one of two grounds.

First, a jurisdiction could offer billboard companies a state tax credit or other benefit in exchange for voluntarily providing candidates with free billboard space.

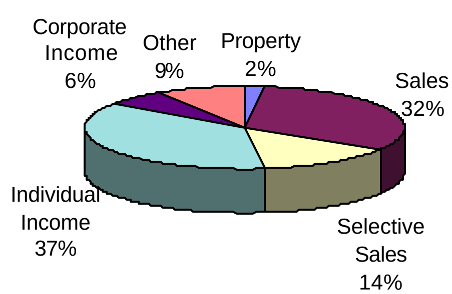
Second, and perhaps more interestingly, a jurisdiction could first propose to ban all billboards in the state (states have the power to control land use and aesthetics and presumably could implement such a ban so long as it was not content related), and then offer to permit their continued use, provided that billboard companies offered candidates some measure of free space. Such a condition placed on the use of billboards might parallel the imposition of the fairness doctrine and other public interest obligations placed on broadcasters. See, e.g., *Red Lion Broadcasting v. FCC*, 295 U.S. 367 (1969).

State and local governments might also require billboard companies to publicize the existence of voter registration opportunities or printed voter information material.

General Sources of State Revenue[9]

States generate revenue from multiple sources. These include income taxes (the largest source of general fund revenues in most states), sales and use taxes (on sales of tangible property, bank and corporation taxes, special taxes (e.g., motor vehicle fees, highway user taxes, etc.), licenses and fees (e.g., professional fees on attorneys), oil and gas royalties and severance taxes, property taxes, public utility taxes; and bond funds (under state's full fair and credit which minimizes borrowing costs).[10]

2001 State Tax Collections By Source Percentage of Total – 50 State Average



The following is a review of major tax revenue sources for the fifty states. The data is based on 2001 state tax collections. Weakened national and state economies have resulted in declining state tax revenue collections across the nation.

A November 2002 State Budget Update by the National Conference of State Legislatures reported that in order to balance their 2001-02 budgets, many states raised taxes by $9.1 billion in the aggregate, breaking a trend of tax cuts that began in 1994. Eighteen states raised taxes by more than one percent.

A report by the Federation of Tax Administrators on total 2001 tax collections for the fifty states reveals that the states of Connecticut, Hawaii, Delaware and Minnesota rank 1, 2, 3, and 4 in per capita total tax collections ($3,092, $2,865, $2,731, and $2,722 respectively). New Hampshire, Texas, Tennessee, and South Dakota rank 47, 48, 49, and 50 in per capita total tax collections ($1,410, $1,380, $1,363, and $1,292 respectively).

Of the 50 states, Hawaii, New Mexico, Vermont, and Delaware rank 1, 2, 3, and 4 in total revenue as a percent of personal income (10.3 percent, 9.9 percent, 9.4 percent and 8.8 percent respectively). The states of Tennessee, Texas, South Dakota, and New Hampshire rank 47, 48, 49, and 50 in total tax revenue as a percent of personal income (5.2 percent, 5.0 percent, 4.9 percent, and 4.2 percent respectively).

The following is a summary of the major tax revenue sources for the fifty states.

A. Personal Income Tax

Most states impose an individual income tax that generates a substantial portion (30 to 50 percent) of their state's total tax collections each year. Seven states have no individual income tax (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming). States whose income tax collections comprise less that 20 percent of total collections include New Hampshire (4.3 percent), North Dakota (17.3 percent) and Tennessee (2.5 percent). States in which individual income tax collections comprise more than 50 percent of total revenues include Colorado (51.5 percent), Massachusetts (57.5 percent), New York (59 percent), Oregon (74.4 percent) and Virginia (55.2 percent).

Strengths and Weaknesses: Personal income taxes are not always predictable, and they vary from year to year according to a number of factors. The progressivity of the tax, changes in taxpayer portfolios and tax planning by high-income taxpayers can significantly impact state revenues. Further complicating estimates are capital gains, which comprise a portion of personal income tax receipts and rise and fall with the volatility of the stock and real estate markets.

B. Sales and Use Tax

Forty-five of the fifty states impose a general sales tax on the purchase of specified items. Sales tax rates vary from state to state and can also vary from jurisdiction to jurisdiction within each state. Exemptions are generally provided for “necessities” of life, such as food and electricity.

This tax generates at least 20 to 50 percent of total revenues in the majority of states with a sales tax. States in which the sales tax generates more than 50 percent of total revenues include Florida (59 percent), Nevada (53.5 percent), South Dakota (52.7 percent), Tennessee (57.3 percent) and Washington (63.6 percent). States in which the sales tax generates less than 20 percent of total revenues include New York (19.6 percent) and Vermont (13.8 percent). States with no sales tax include Alaska, Delaware, Montana, New Hampshire, and Oregon.

Strengths and Weaknesses: Sales tax collections are generally subject to economic conditions. Taxable sales (and the resulting tax collections) generally grow in a strong economy and slow in a weakening economy. The sales tax is often described as a regressive tax, that is, a tax that taxes low income persons more heavily than higher income persons as a proportion of income.

C. Corporate Income Tax

Forty-six states impose a tax on corporate income. The four states with no corporate income tax include Nevada, Texas, Washington and Wyoming. The tax generally comprises up to 7 percent of total state tax revenue. Notable exceptions, where corporate income taxes generate huge revenues, are Alaska and New Hampshire at 28.0 percent and 19.7 percent of total revenues respectively. Other states with higher than average corporate income taxes include Delaware (9.5 percent), Illinois (9.6 percent), Indiana (8.1 percent), Michigan (9.4 percent) and Tennessee (8.6 percent).

Strengths and Weaknesses: Forecasting state corporate income tax revenues often involves analysis of national corporate profits. Corporate income tax revenues tend to mirror the economy, increasing in strong economic times and declining during economic downturns. Politically, some legislators are reluctant to increase corporate income taxes, fearing a loss of jobs and encouraging companies to flee their states. On the other hand, Enron and other accounting scandals have tarnished corporate images, and this may generate greater public support for increases in corporate income taxes.

D. Property Tax

Thirty-seven states impose a state tax on property. Of the major state revenue sources, property taxes generally comprise the smallest portion of total state revenues, typically ranging from 1 to 4 percent of total state tax collections. States that receive a higher percentage of property taxes include Arkansas (8.8 percent), Michigan (8.0 percent), Montana (13.7 percent), New Hampshire (25.8 percent), Vermont (23.7 percent), Washington (11.0 percent) and Wyoming (9.8 percent). The states with no state property tax include Colorado, Connecticut, Delaware, Hawaii, Idaho, Iowa, New York, Oklahoma, Oregon, South Dakota, Tennessee, Texas and Utah. Some states like California (Proposition 13) have imposed severe caps on government's ability to increase property tax revenues. Most property taxes go to local governments.

Strengths and Weaknesses: Property tax revenues are a fairly stable funding source. While property values can and do decline, typically following a period of accelerated growth, property values (and associated tax revenues) generally recover and continue to grow over the long term. On the other hand, increases in property taxes are often perceived as threatening the homes of low income or retired individuals, and that can generate severe resistance.

E. Other Sources of Revenue

"Other" revenues sources generally comprise from 4 to 15 percent of state total revenue collections. Notable exceptions include the following:

Alaska: 59.4 percent, of which about 50% comes from oil severance taxes.

Delaware: 43.8 percent, of which 18% comes from franchise taxes, 10% from lotteries and 15% from abandoned property, bank franchise and gross receipts taxes.

Wyoming: 46.3 percent, of which 20% comes from mineral severance taxes and 12-15% from the Permanent Mineral Trust Fund.

North Dakota: 21.4 percent, of which 6.5% comes from oil taxes, 5.8% from motor vehicles, 3% from coal and 2.6% from tobacco.

Texas: 20.8 percent, of which 7.9% comes from licenses, fees, permits, fines and penalties, 5.3% from motor vehicle sales, 5.1% from motor fuels taxes and 3.5% from franchise taxes.

Strengths and Weaknesses: These taxes are often attractive because they single out a specific use and do not affect or generate resistance from the broader population. Alaska's oil severance taxes are a good example. They are also justifiable as compensating the state for a loss of property (e.g., coal) or a cost (e.g., eliminating pollution or preserving highways). The weakness of this approach is that they often target a specific industry which has considerable clout with the state legislature and may oppose it vociferously at the polls.

CONCLUSION

Public financing of electoral campaigns holds enormous promise for improving the quality and integrity of American political campaigns. By developing innovative new sources of funding or support for these public campaign finance systems, the public interest reform community can generate greater levels of support for public financing as an approach, create solid, stable and substantial new sums of money to support public financing systems, and ultimately expedite the wider adoption of public financing systems across federal, state and local jurisdictions.

FOOTNOTES

[1] Investing in Democracy: Creating Public Financing of Elections in Your Community (CGS 2003) (http:www.cgs.org).

[2] For corporations that produce and sell products in multiple states, each state in which it does business charges corporate profits tax on only a portion of the corporation's total nationwide profits. Typically, state law assigns some of the profits to the state in which production occurs, and some to each state in which sales are made. Federal law, 86-272, sets a minimum level of physical presence ("nexus") that a corporation must have in a state before that state can impose profits tax on a corporation. As a result, a portion of many corporations' profits becomes "nowhere income," meaning that it is not taxed by any state. To deal with this problem, states can enact a "throwback" rule, which states that the "nowhere" income for companies producing in the state enacting the rule will be attributed to the state in which production occurs. This effectively eliminates "nowhere" income, forcing corporations to pay tax on all their profits (apart from other loopholes, of course).

[3] Many corporations avoid income tax by transferring ownership of their trademarks and patents to states such as Delaware and Nevada, which do not charge taxes on income from these kinds of corporate assets. These "dummy" subsidiaries, often called "passive investment companies" or PICs, then charge a royalty to the parent corporation for use of the trademarks and patents. The royalty is a deductible expense, reducing the profits of corporations in their home states. There are more than 6,000 PICs in Delaware alone, and significant amounts of state corporate income taxes are being evaded through this method.

[4] Examples include: (i) payments into an employee pension fund are deductible from taxable income (but if, at a later time, the pension plan is over-funded and the money is returned to the corporate treasury, this is

considered non-business income and not taxable by states that originally allowed the deductions), and (ii) depreciation on plant and equipment is a deductible business expense (but if the plant and equipment is later sold, states have been unable to tax the capital gains on the sale). Note: The preceding definitions and examples are taken directly from Marc Breslow, *Three Corporate Tax Loopholes That Should Be Closed*, Northeast Action Issue Brief (May 2002).

[5] Generally, a sales tax is imposed for the privilege of selling property in state. A use tax is imposed on persons who purchase products out of state for use inside the state.

[6] This proposal would have to be drafted carefully to avoid potential First Amendment problems. Compare *Grosjean v. American Press Co.*, 297 U.S. 233 (1936) (selective tax on certain larger newspapers struck down as unconstitutional burden on First Amendment speech rights), with *Leathers v. Medlock*, 499 U.S. 439 (1991) (sales tax on cable television and satellite services upheld against First Amendment challenge).

[7] Background material on bonds from California Legislative Analyst's "Primer on State Bonds" (January 30, 1998).

[8] See, e.g., Tracy Westen & Area Madaras, *Video Voter Information: How Community Media Can Educate Voters (And Save American Elections at the Same Time!)*, Community Media Review, Journal of the Alliance for Community Media, Vol. 25, No. 4, pp. 16-17 (Winter 2002-03).

[9] Sources: 2002-03 California Governor's Budget Summary; 2001 State Tax Collection by Source Table, Federation of Tax Administrators web site; and 2001 State Tax Revenue per Capita and Percentage of Personal Income Table, Federation of Tax Administrators web site. California, for example, expects to raise about $75 billion in revenues by June 2003: $32.9 billion in personal income taxes, $24.7 billion in sales and use taxes, $6.5 billion in corporate income taxes, $3.8 billion in vehicle license and registration fees, and $3.3 billion in vehicle fuel taxes, and $3.8 billion in taxes on insurance, tobacco, alcohol, horse3 racing and inheritance and gifts. In addition, counties, schools and special districts collect property taxes, some of which are retained by the state. G. Jones, "On State Tax Policy, Everyone Has a Formula for Reform," Los Angeles Times, Feb. 25, 2003, p. 1.

Appendix A

Persons and Organizations Contacted for This Study

Fiscal and Governance

James Carroll	Council of State Government
Harley Duncan	Federation of Tax Administration
Nick Greifer	Government Finance Officers Association
Nicholas Johnson	Center on Budget and Policy Priorities/State Fiscal Analysis Initiative
Greg Leroy	Good Jobs First
Phil Mattera	Good Jobs First/Corporate Research Project
Ross McKeen	Oregon Cultural Trust
Robert McIntyre	Institute on Taxation and Economic Policy/Citizens for Tax Justice
Larry Mishel	Economic Policy Institute
Richard Nathan	Nelson A. Rockefeller Institute of Government
Arturo Perez	National Conference of State Legislatures/ National Association of Legislative Fiscal Officers
Jeanette Rapp	California Senate Committee on Revenue and Taxation
Jean Ross	California Budget Project
Frank Schafroth	National Governors Association
Fred Silva	Public Policy Institute of California
Greg Von Behren	National Association of State Budget Officers

Campaign Finance

Herb Alexander	Maryland Governor's Task Force on Campaign Financing
Ed Bender	National Institute on Money in State Politics
Rob Boatright	Campaign Finance Initiative
John Bonifaz	National Voting Rights Institute
Michael Caudell-Fagen	Proteus Fund
Derek Cressman	Public Interest Research Group (PIRG)
Sally Davis	Common Cause New Mexico
Debra Goldberg	Brennan Center for Justice

Jon Goldin-Dubois	Colorado Common Cause
Nicole Gordon	New York City Campaign Finance Board
Bob Hall	Democracy North Carolina
Frederick M. Herrmann	State of New Jersey
Craig Holman	Public Citizen
Ruth Jones	Arizona Clean Elections Commission
Jim Knox	California Common Cause
Lloyd Leonard	League of Women Voters
Michael Malbin	Campaign Finance Initiative
Jessica Markham	Ballot Initiatives Strategy Center
Mike McCabe	Wisconsin Democracy Project
Craig McDonald	Texans for Justice
Barbara Moorhouse	Michigan Campaign Finance Network
Alan Morrison	Public Citizen
Galen Nelson	Ballotfunding.org/Mass Voter for Clean Elections
Nick Nyhart	Public Campaign
Jeanne Olson	Minnesota Finance and Public Disclosure Board
George Pillsbury	Massachusetts Voters for Clean Elections
Jesse Rutledge	Center for Voter Education
Samantha Sanchez	National Institute on Money in State Politics
Allison Smith	Maine Citizens Leadership Fund
Roy Ulrich	Common Cause Los Angeles

Appendix B

STATE PUBLIC CAMPAIGN FINANCING LAWS

Public campaign financing systems exist at all three levels of government: federal, state and local. The federal system of public financing for presidential candidates is perhaps the best known and has the longest experience. It provides matching funds to candidates in the presidential primary elections and full funding (or "clean money") to candidates in the general election.

The federal presidential system is funded by a taxpayer "check-off" mechanism, under which the federal government deposits money from the general fund into a presidential campaign fund for each taxpayer who "checks off" an appropriate box on their annual IRS tax return. A check-off does not increase the taxpayer's tax bill (in contrast to a tax add-on, which does increase the taxpayer's tax bill). It only requires the federal government to place a portion of its existing funds into the presidential campaign fund. In recent years, the presidential check-off system has been seen as increasingly inadequate to provide sufficient amounts of public financing.

The broadest range of experimentation with various funding sources has occurred in the states. Today, some 27 states provide some measure of support for candidates. Some states fund all state races, some only statewide races, some judicial candidates and some the political parties. Some states provide tax credits and other incentives to encourage private contributions. Some states fund their public financing systems directly from their general fund. Others tap into special fees, penalties and funds for revenues.

Summary of State Systems

The following twenty-seven states have adopted laws offering varying systems and amounts of public financing to candidates or political parties during elections.

1. Public Financing for All State Offices

Hawaii
Minnesota
Wisconsin
Maine (Clean Money)
Arizona (Clean Money)
Massachusetts (Clean Money)

2. Public Financing for Statewide Offices Only

Florida
Rhode Island

3. Public Financing for Governorship Only

Kentucky
Maryland
Michigan
New Jersey (Governor is only statewide official elected)
Vermont (Clean Money)

4. Public Financing for Statewide Office Other Than Governor

New Mexico

5. Public Financing for Legislative Offices Only

Nebraska

6. Public Financing for Appellate Judges Only

North Carolina

7. Public Financing for Political Parties

Alabama
Idaho
Indiana
Iowa
New Mexico
North Carolina
Ohio
Texas
Utah
Virginia

8. Income Tax Credits / Deductions for Contributions to Candidates or Political Committees

Arkansas
Montana
Oregon

Existing Sources of State Public Campaign Financing

Twenty-seven states provide some mechanism for publicly financing candidate campaigns. These mechanisms include the following:

General Fund Appropriation (10 states): FL, HI, KY, ME, MA, MN, NE, NJ, TX, VT

Income Tax Check-off (14 states): AZ, HI, ID, IA, ME, MA, MI, MN, NJ, NC, OH, RI, UT, WI

Income Tax Add-on (7 states): AL, FL, MD, NE, NM, VT, VA

Income Tax Deduction / Credit (4 states): AR, MT, OR, VA

Administrative Penalties (4 states): FL, HI, ME, MA

Voluntary Donations from the Public (4 states): AZ, ME, NC, VT

Civil Penalties (3 states): AZ, ME, VT

Candidate Filing Fees (2 states): FL, KY

Clean Money Qualifying Contributions (2 states): AZ, ME

Illegal Contribution Escheat to the Fund (2 states): HI, KY

Property Tax Check-off (1 state): MN

Attorney Voluntary Contributions (1 state): NC

Surcharge on All Criminal Fines and Civil Penalties (1 state): AZ

Motor Vehicle Registration Add-on Contribution (1 state): FL

Corporation Reporting Fee (1 state): VT

Corporation Registration Add-on Contribution (1 state): FL,

Personalized License Plate Fee (1 state): IN

Unexpended Funds from Exploratory Committees (1 state): KY

State-By-State Law Summaries

The following summarizes each state's system for providing public financing to qualifying candidates or political parties.

1. Alabama (Partial Public Financing for Political Party Committees)

$1 income tax add-on designated to a particular political party. ALA. CODE § 40-18-146.

2. Arizona (Full Public Financing for All State Offices)

Civil penalties for violations of the Clean Elections Act are deposited into the Citizens Clean Elections Fund. ARIZ. REV. STAT. § 16-942

Qualifying contributions raised by participating candidates are deposited into the Citizens Clean Elections Fund. ARIZ. REV. STAT. § 16-946(A).

$5 state income tax return check-off. A taxpayer who checks the box receives a $5 reduction in tax liability and $5 is deposited into the Citizens Clean Elections Fund. ARIZ. REV. STAT. § 16-954(A).

Donations may be made to the Citizens Clean Elections Fund in exchange for a dollar-for-dollar tax credit, not to exceed 20% of the donor's tax liability or $500 per taxpayer, whichever is greater. ARIZ. REV. STAT. § 16-954(B).

10% surcharge on all civil and criminal fines and penalties collected by state courts. ARIZ. REV. STAT. § 16-954(C).

3. Arkansas

Income tax credit not to exceed $50 for political contributions to candidates or political committees. ARK. CODE ANN. § 7-6-222.

4. Florida (Partial Public Financing for Statewide Offices)

General Fund appropriation once every 4 years. FLA. STAT. ANN. § 106.32(1)

Candidate filing fees. FLA. STAT. ANN. §§ 106.32(2), 99.092(1), 99.093(1) and 105.031(1).
Administrative penalties for late campaign finance reports. FLA. STAT. ANN. §§ 106.32(3), 106.04(8), 106.07(8) and 106.29(3).

$5 state income tax return add-on, a contribution from the taxpayer transferred to the Campaign Financing Trust Fund. FLA. STAT. ANN. § 199.052(13).

Motor vehicle registration application includes language permitting a voluntary $5 contribution per applicant to the Campaign Financing Trust Fund. FLA. STAT. ANN. § 230.02(13).

Driver's license application includes language permitting a voluntary $5 contribution per applicant to the Campaign Financing Trust Fund. FLA. STAT. ANN. § 322.08(6)(a).

Annual report from all corporations authorized to transact business in the state to the Secretary of State includes language permitting a voluntary $5 contribution per applicant to the Campaign Financing Trust Fund. FLA. STAT. ANN. § 607.1622(1)(h).

5. Hawaii (Partial Public Financing for All State Offices)

$2 state income tax return check-off. HAW. REV. STAT. § 235-102.5.

Administrative penalties for violations of state campaign finance laws. HAW. REV. STAT. §§ 11-193, 11-216(f)(3) and 11-228(d).

Contributions made in violation of state campaign finance laws escheat to the Hawaii Election Campaign Fund. HAW. REV. STAT. §§ 11-201(b), 11-202,11-204(e)(1).

General fund appropriations. HAW. REV. STAT. §§ 11-210 and 11-217.

6. Idaho (Partial Public Financing for Political Party Committees)

$1.00 state income tax return check-off, designated by the taxpayer to go to a specific political party or to the Idaho Election Campaign Fund as a contribution to be shared by all qualified political parties. IDAHO CODE §§ 34-2502, 34-2503 and 63-3088.

7. Indiana (Partial Public Financing for Political Party Committees)

Motorists obtaining personalized license plates must make a "political contribution" of $30, distributed to political parties receiving at least 5% of the vote in the most recent state general election. IND. CODE §§ 9-18-15-10, 9-18-15-13 and 9-29-5-32(4).

8. Iowa (Partial Public Financing for Political Party Committees)

$1.50 state income tax return check-off, designated by the taxpayer to go to a specific political party or to the Iowa Election Campaign Fund as a contribution to be shared by all qualified political parties. IOWA CODE §§ 56.18.

9. Kentucky (Partial Public Financing for Gubernatorial Ticket Candidates)

Budget appropriation. KY. REV. STAT. ANN. §121A.020(2).

Unexpended campaign funds from gubernatorial slates are deposited into the Election Campaign Fund. KY. REV. STAT. ANN. §§ 121A.020(2) and 121A.080(6).

Candidate filing fees (minus $20 per candidate that remains with the Secretary of State) is deposited into the Election Campaign Fund. KY. REV. STAT. ANN. §§ 121A.020(2) and 118.255(3).

Unexpended funds from gubernatorial slate exploratory committees are deposited into the Election Campaign Fund. KY. REV. STAT. ANN. §§ 121A.020(2) and 121A.015(5).

Anonymous contributions in excess of $50 must be returned to the donor or they escheat to the Election Campaign Fund. KY. REV. STAT. ANN. § 121.150.

10. Maine (Full Public Financing for All State Offices)

Qualifying contributions raised by participating candidates are deposited into the Maine Clean Election Fund. ME. REV. STAT. ANN. tit. 21-A § 1124(2)(A).

$2 million annual appropriation from the state's general fund. ME. REV. STAT. ANN. tit. 21-A § 1124(2)(B).
$3 state income tax return check-off. ME. REV. STAT. ANN. tit. 21-A § 1124(2)(C).

Unexpended seed money contributions raised by participating candidates are deposited into the Maine Clean Election Fund. ME. REV. STAT. ANN. tit. 21-A § 1124(2)(D).

All unexpended funds that had been distributed to participating candidates are returned to the Maine Clean Election Fund. ME. REV. STAT. ANN. tit. 21-A §§ 1124(2)(E) and (F).

Voluntary donations made directly to the Maine Clean Election Fund. ME. REV. STAT. ANN. tit. 21-A § 1124(2)(G).

Administrative penalties for late filings are deposited into the Maine Clean Election Fund. ME. REV. STAT. ANN. tit. 21-A §§ 1124(2)(H) and 1020-A(4-A).

Civil penalties for violations of the Maine Clean Elections Act are paid to the Maine Clean Election Fund. ME. REV. STAT. ANN. tit. 21-A §§ 1124(2)(H) and 1127(1).

11. Maryland (Partial Public Financing for Gubernatorial Ticket Candidates)

State income taxpayers may contribute, as a tax add-on, up to $500 to the Fair Campaign Financing Fund. MD. CODE ANN., ELEC. § 15-103(c).

12. Massachusetts (Full Public Financing for All State Offices)

$1.00 state income tax return check-off. A taxpayer who checks the box receives a $1 reduction in tax liability and $1 is deposited into the Massachusetts Clean Elections Fund. MASS. GEN. LAWS ch. 62 § 6c.

Administrative fines collected for violation of the Clean Elections Law are deposited into the Massachusetts Clean Elections Fund. MASS. GEN. LAWS ch. 55A § 16(f).

Legislative appropriation. MASS. GEN. LAWS ch. 55A §§ 8(a) and 14(d).

13. Michigan (Partial Public Financing for Gubernatorial Candidates)

$3.00 state income tax return check-off. A taxpayer who checks the box requires the state to deposit $3 into the Michigan State Campaign Fund. There is no cost to the taxpayer. MICH. COMP. LAWS §169.261.

14. Minnesota (Partial Public Financing for All State Offices)

$5.00 state income tax *or* property tax return check-off. A taxpayer who checks the box on either a income tax return or a property tax return (but not both) requires the Department of Revenue to take $5 from the general fund and deposit it into the account of a political party or into the general account of the Minnesota State Elections Campaign Fund. MINN. STAT. § 10A.31(1).

$1.5 million is appropriated for each general election from the state general fund into the general account of the Minnesota State Elections Campaign Fund. MINN. STAT. § 10A.31(4)(b).

Though not technically part of the public financing program, an individual who contributes to a registered political party or to a state office candidate who has agreed to spending limits is eligible for a refund up to $50 from the state department of revenue. MINN. STAT. § 290.06(23).

15. Montana

Income tax deduction not to exceed $100 for political contributions. MONT. CODE ANN. § 15-30-121(1)(d).

16. Nebraska (Partial Public Financing for State Legislative Offices)

If sufficient public funds are available, the law provides for the extension of the public financing program to all state offices. NEB. REV. STAT. § 32-1611(1)(c).

Appropriations may be made by the legislature from the general fund to the Campaign Finance Limitation Cash Fund. NEB. REV. STAT. §§ 32-1610 and 32-1611(1)(a).

$2 state income tax add-on, which reduces the taxpayer's refund by $2 deposited into the state's Campaign Finance Limitation Cash Fund. NEB. REV. STAT. § 77-27,119.04.

17. New Jersey (Partial Public Financing for Gubernatorial Candidates)
$1.00 state income tax return check-off. A taxpayer who checks the box requires the state to deposit $1 into the Gubernatorial Election Fund. N.J. STAT. ANN. §§ 54A:9-25.1 and 19:44A-30.

Additional appropriations by the legislature from the General Treasury of the State such funds "as are necessary to carry out" the public financing act. N.J. STAT. ANN. § 19:44A-30.

18. New Mexico (Full Public Financing for Public Regulation Commission Candidates; Partial Public Financing for Political Party Committees)

Public Regulation Commission (PRC) candidates qualify for public financing by raising specified number of $5 contributions, limiting their total expenditures and not accepting additional private contributions.

PRC candidates receive funding from $300,000 state fund, created from additional fees on state regulated industries.

State also allows $2 state income tax add-on, which reduces the taxpayer's refund by $2 and must be designated by the taxpayer as a contribution to a ballot-qualified political party. N.M. STAT. ANN. § 7-2-31(A).

19. North Carolina (Full Public Financing for Appellate and Supreme Court Judicial Elections, Partial Public Financing for Political Party Committees)

$1 state income tax return check-off, designated by the taxpayer to go to a specific political party, is deposited into the North Carolina Political Parties Financing Trust Fund. Tax return check-offs not designated to a particular party are divided among parties according to party voter registration. N.C. GEN. STAT. § 105-159.1.

A separate $3 income tax return check-off may be designated by a taxpayer to the North Carolina Public Campaign Financing Fund to support the full public financing of appellate judicial elections. N.C. GEN. STAT. §§ 105-159.2 and 163-278.63(b)(2).

Voluntary $50 contributions made by attorneys when solicited on the annual invoice for the state's mandatory $50 attorney licensing fee are deposited into the North Carolina

Public Campaign Financing Fund to support the full public financing of appellate judicial elections. N.C. GEN. STAT. §§ 105-41 and 163-278.63(b)(3).

Voluntary contributions from the general public to the North Carolina Public Campaign Financing Fund to support the full public financing of appellate judicial elections. N.C. GEN. STAT. § 163-278.63(b)(6).

20. Ohio (Partial Public Financing for Political Party Committees)

$1 state income tax return check-off, deposited into the Ohio Political Party Fund and divided equally among all qualified political parties.

$50 tax credit also available for contributions to statewide and legislative candidates. OHIO REV. CODE ANN. §§ 3517.16, 3517.17 and 5747.081.

21. Oregon

Income tax credit not to exceed the lesser of $50 or the liability of the taxpayer for political contributions to candidates or political committees. OR. REV. STAT. § 316.102.

22. Rhode Island (Partial Public Financing for Statewide Offices)

$5 income tax credit. R.I. GEN. LAWS § 44-30-2(d).

Appropriations from the state's general fund. R.I. GEN. LAWS § 17-25-29.

23. Texas (Partial Public Financing for Political Party Committees)

Legislative appropriation, divided equally among qualified political parties. TEX. ELEC. CODE ANN. § 173.001.

24. Utah (Partial Public Financing for Political Party Committees)

$2 income tax check-off, which the taxpayer may designate to a particular political party. The check-off funds are then transferred from the general fund to the Election Campaign Fund. UTAH CODE ANN. §§ 59-10-547 and 59-10-548.

25. Vermont (Full Public Financing for Gubernatorial Candidates)

Excess funds of candidates participating in the public financing program. VT. STAT. ANN. tit. 17, §§ 2856(b)(1) and 2853(3).

All fines and penalties for violations of state campaign finance laws. VT. STAT. ANN. tit. 17, § 2856(b)(2).

40% of the amounts paid as annual report fees by domestic corporations and 33% of the amounts paid as annual report fees by foreign corporations under state law. VT. STAT. ANN. tit. 17, § 2856(b)(3).

Income tax add-on in an amount determined by the taxpayer, deposited into the Vermont Campaign Fund. VT. STAT. ANN. tit. 17, §§ 2856(b)(5) and 5862c.

Voluntary public gifts to the Vermont Campaign Fund. VT. STAT. ANN. tit. 17, § 2856(b)(6).

Appropriations by the legislature. VT. STAT. ANN. tit. 17, § 2856(b)(7).

26. Virginia (Partial Public Financing for Political Party Committees)

Income tax add-on. Any taxpayer eligible for a return may designate up to $25 of the return as a contribution to a qualified political party. VA. CODE ANN. § 58.1-346. Income tax credit for 50% of the amount contributed to a candidate, not to exceed $25. VA. CODE ANN. § 58.1-339.6.

27. Wisconsin (Partial Public Financing for All State Offices and Political Parties)

Income tax check-off of the lesser of $20 or the taxpayers liability, which the taxpayer may designate to a particular political party or to the general account of the Wisconsin

Election Campaign Fund for the public funding of all eligible candidates' campaigns. WIS. STAT. § 71.10(3)(am).

Appendix C

PUBLIC FINANCING LAWS IN LOCAL JURISDICTIONS

This chart summarizes the laws of all 11 local government jurisdictions in the United States that have public financing programs.[1]

Jurisdiction		Population[2]	Enacted	Public Funds Allocation[3]	Maximum Amount of Public Funds a Candidate May Receive
1. Austin, TX		656,562	1994	Equal distribution of available funds among qualifying candidates *in a runoff election*. The public funds are distributed as a lump-sum grant. If no eligible candidate is in a runoff election, the funds are reserved for future elections.[4]	No maximum is established by law.
2. Boulder, CO		94,673	1999	$1 in public funds for every $1 in contributions.[5]	A candidate may receive no more than 50% of the spending limit in public funds.[6] In 2001, a candidate could receive a maximum of $5,871 in public funds.
3. Cary, NC		94,536	2000	A *runoff* candidate may receive public funding in the amount of his or her expenditures, minus the amount of money raised by the candidate.[7] These funds are not distributed until *after* the runoff election.[8]	District office: $8,000 Citywide office: $20,000[9]
4. Long Beach, CA		461,522	1994	Primary: $1 in public funds for every $2 in contributions. General: $1 in public funds for every $1 in contributions.[10]	A candidate may receive no more than 33% of the primary spending limit and 50% of the runoff election spending limit in public funds, which equals: Council: $15,180 (Primary) & $11,500 (Runoff) Mayor: $75,900 (Primary) & $57,500 (Runoff) Other Citywide Office: $37,950 (Primary) & $28,750 (Runoff)[11]
5. Los Angeles, CA		3,694,820	1990	Primary: $1 in public funds for every $1 in contributions from individuals, up to $250 per contributor for Council candidates and up to $500 per contributor for citywide candidates. Runoff: candidate receives a lump-sum grant of one-sixth of the maximum matching funds available, plus a $1 : $1 match for individual contributions up to $250 per contributor for Council candidates and up to $500 per contributor for citywide candidates.[12]	Council: $100,000 (Primary) & $120,000 (Runoff) Controller: $267,000 (Primary) & $300,000 (Runoff) City Attorney: $300,000 (Primary) & $350,000 (Runoff) Mayor: $667,000 (Primary) & $800,000 (Runoff)[13]
6. Miami-Dade County, FL		2,253,362	2001	County Commission: A qualified candidate receives a lump-sum grant of either $50,000 or 75,000 for the general election, depending on which qualification threshold is met. A qualified candidate receives an additional $50,000 if a runoff election is held. Mayor: A qualified candidate receives a lump-sum grant of $300,000 for the general election, and an additional $200,000 if a runoff election is held.[14]	County Commission: $75,000 (General) & $50,000 (Runoff) Mayor: $300,000 (General) & $200,000 (Runoff)[15]

Jurisdiction		Population[2]	Enacted	Public Funds Allocation[3]	Maximum Amount of Public Funds a Candidate May Receive
7. New York, NY		8,008,278	1988	$4 in public funds for each $1 in contributions of $250 or less from natural persons, up to $1,000 in public funds per contributor.[16]	*Under normal circumstances, a candidate may not receive public funds that exceed 55% of spending limit,[17] which in 2003 / 2005 will equal:* Council: $82,500 per election Borough President: $708,950 per election Mayor: $3,150,400 per election Public Advocate and Comptroller: $1,969,550 per election *However, if the spending limit is lifted in a race because of a high spending candidate, matching funds candidates may receive up to 67% of the spending limit in public funds, which in 2003 / 2005 will equal:[18]* Council: $100,000 per election Borough President: $859,333 per election Mayor: $3,818,667 per election Public Advocate and Comptroller: $2,387,333 per election
8. Oakland, CA		399,484	1999	$1 in public funds for each $1 in contributions, up to $100 in public funds per contributor.[19]	Candidates may not receive public funds exceeding 15% of the applicable spending limit,[20] which equals: District City Councilmember: $13,800-$15,900 per election (depending on the population of the district) School Board Director: $9,150-$10,650 per election (depending on the population of the district) Mayor: $48,150 per election Other Citywide Office: $34,350 per election
9. San Francisco, CA		776,733	2000	General Election: A Board of Supervisors Candidate receives $5,000 on certification of eligibility, then $4 in public funds for each of the first $5,000 raised in individual contributions, then $1 in public funds for each $1 in individual contributions raised, up to a maximum of $43,750. Runoff Election: Candidate receives $5,000 on qualification for runoff, then $4 in public funds for each $1 in individual contributions raised, up to a maximum of $17,000.[21]	$43,750 (General) & $17,000 (Runoff)[22]
10. Suffolk County, NY		1,419,369	1998	*Upon reaching the threshold for eligibility, a candidate receives the following amount of public funds per election, in a lump-sum grant:* County Legislature: $10,000 Executive: $200,000 Comptroller, Treasurer, District Attorney: $70,000[23]	County Legislature: $10,000 Executive: $200,000 Comptroller, Treasurer, District Attorney: $70,000[24]
11. Tucson, AZ		486,699	1985	$1 in public funds for every $1 in contributions.[25]	*There is no maximum amount established explicitly by law though, under the matching funds formula, it would be impossible for a candidate to receive more than 50% of the spending limit in public funds. Consequently, the maximum public funds available to a candidate in 2001 would be:* Council: $40,041 per election cycle Mayor: $80,082 per election cycle[26]

Jurisdiction		Qualifying Fundraising Threshold[27]	Residency Restriction on Matchable Contributions	Debate Requirement[28]	Funding Mechanism	Amount of Public Funds Distributed in Program History
1. Austin, TX		None[29] (*Public financing program candidates receive funds if in a runoff.*)	N/A	Yes[30]	Candidate filing fees and lobbyist registration fees.[31]	$95,051
2. Boulder, CO		10% of spending limit in contributions of $25 or less: $1,174 (2001).[32]	No	No	City Council allocation.[33]	N/A[34]
3. Cary, NC		District office: $2,000 Citywide office: $5,000[35]	N/A	No	Annual budget appropriations from general fund.[36]	$27,485
4. Long Beach, CA		Council: $5,000 in contributions of $100 or less. Mayor: $20,000 in contributions of $200 or less. Other Citywide Office: $10,000 in contributions of $150 or less.[37]	No	No	City council allocations "from time to time."[38]	$132,336
5. Los Angeles, CA		Council: $25,000 in contributions of $250 or less. City Attorney and Controller: $75,000 in contributions of $500 or less. Mayor: $150,000 in contributions of $500 or less.[39]	No	Yes[40]	The City charter mandates $2 million in annual appropriations to fund the public financing program. The annual appropriations are held in a trust fund, the balance of which may never exceed $8 million. Both the annual appropriation and the total balance amounts are adjusted for changes in the cost of living.[41]	$16 million[42]
6. Miami-Dade County, FL		County Commission: 200 contributions between $15 and $250 from 200 registered voter residents of Miami-Dade County for a total of at least $15,000, in order to receive $50,000 in public funds for the primary election. If total qualifying contributions exceed $25,000, the candidate is eligible for $75,000 in public funds for the primary election. Mayor: 1000 contributions between $15 and $250 from 1000 registered voter residents of Miami-Dade County.[43] Runoff: A candidate who was not a participant in the primary election may receive public funds in a runoff without meeting the threshold requirement, provided that the candidate did not exceed the spending limit in the primary and agrees to abide by the runoff spending and personal contribution limits.[44]	Miami-Dade County uses a lump-sum grant program, rather than a matching funds program. However, the contributions that a candidate must receive in order to qualify for a public funding grant must be made by registered voter residents of the County.[45]	No	Appropriations from general revenues "in an amount sufficient to fund qualifying candidates."[46]	$125,000

Jurisdiction		**Qualifying Fundraising Threshold**[27]	**Residency Restriction on Matchable Contributions**	**Debate Requirement**[28]	**Funding Mechanism**	**Amount of Public Funds Distributed in Program History**
7. New York, NY		*In order to reach the following threshold requirements, the contributions must be between $10 and $1,000 and made by natural persons who are residents of New York City.* Council: at least 50 contributions totaling $5,000. Borough President: at least 100 contributions totaling an amount equal to $.02 multiplied by the resident population of the borough. Mayor: at least 1,000 contributions totaling $250,000. Public Advocate and Comptroller: at least 500 contributions totaling $125,000.[47]	Yes, only contributions from City residents are matchable.[48]	Yes[49]	Annual budget appropriation.[50]	$63.8 million[51]
8. Oakland, CA		Contributions of $100 or less totaling at least 5% of the applicable spending limit.[52]	No	No	City Council appropriation "sufficient to fund all candidates for the city office eligible to receive limited matching funds."[53]	$150,400[54]
9. San Francisco, CA		Candidate must raise $7,500 in contributions between $10 and $100 from residents of the city.[55]	Yes, only contributions from City residents are matchable.[56]	Yes[57]	Election Campaign Fund established by ordinance. Ordinance directs the Mayor and Board of Supervisors to appropriate an amount sufficient to provide funding to all eligible candidates.[58]	N/A[59]
10. Suffolk County, NY		*The following thresholds must be met by contributions from natural person residents of the County of between $10 and $500.* County Legislature: 50 contributions totaling at least $5,000. Executive: 500 contributions totaling at least $75,000. Comptroller, Treasurer, District Attorney: 300 contributions totaling at least $30,000.[60]	Yes, only contributions from County residents are matchable.[61]	No	Voluntary taxpayer donations to the campaign finance fund.[62]	N/A[63]
11. Tucson, AZ		*The following thresholds must be met with contributions from city residents.* Council: 200 contributions of $10 or more. Mayor: 300 contributions of $10 or more.[64]	Contributions received toward meeting the matching funds qualification threshold must be from Tucson residents. Once a candidate exceeds the qualification threshold, non-resident contributions are matchable.[65]	No	Mayor/Council annual budget appropriations.[66]	$1.4 million[67]

Jurisdiction		Spending Limits[68]	Spending Limits Per Resident[69]	Contribution Limits[70]
1. Austin, TX		General: $75,000 Runoff: $50,000[71]	General: $0.11 Runoff: $0.08	*Contributions to candidates may not exceed the following amounts:* From Small-Donor PACs: $1,000 per election[72] From All other contributors: $100 per election[73] Total from Contributors Not Eligible to Vote in Austin: $15,000 (General) & $10,000 (Runoff)[74] *Non-candidate political committees are prohibited from accepting contributions in excess of $100 per year per contributor. Non-candidate political committees are also prohibited from accepting contributions from sources other than natural persons.*[75]
2. Boulder, CO		$0.15 per registered voter: $11,742 (2001).[76]	$0.12	$100 per election[77]
3. Cary, NC		Citywide office: $25,000 District office: $10,000[78]	Citywide office: $0.26 District office: $0.42[79]	*From Individuals and Non-Party PACs: $4,000 per election* *These limits do not apply to political party committees, nor to a candidate's immediate family members.*[80]
4. Long Beach, CA		Council: $46,000 (Primary) & $23,000 (Runoff) Mayor: $230,000 (Primary) & $115,000 (Runoff) Other Citywide Office: $115,000 (Primary) & $57,500 (Runoff)[81]	Council: $0.90 (Primary) & $0.45 (Runoff)[82] Mayor: $0.50 (Primary) & $0.25 (Runoff) Other Citywide Office: $0.25 (Primary) & $0.13 (Runoff)	*Contributions from persons to:* *Council Candidates: $300 per election* *Mayor Candidates: $600 per election* *Other Citywide Office Candidates: $440*[83]
5. Los Angeles, CA		City Council: $330,000 (Primary), $275,000 (Runoff) Controller: $880,000 (Primary), $660,000 (Runoff) City Attorney: $990,000 (Primary), $770,000 (Runoff) Mayor: $2,200,000 (Primary), $1,760,000 (Runoff)[84]	City Council: $1.34 (Primary), $1.12 (Runoff)[85] Controller: $0.24 (Primary), $0.18 (Runoff) City Attorney: $0.27 (Primary), $0.21 (Runoff) Mayor: $0.60 (Primary), $0.48 (Runoff)	*Contributions from persons to:* City Council Candidates: $500 per election Mayor, City Attorney, Controller Candidates: $1,000 per election PACs which support or oppose any candidate (includes PACs that make IEs): $500 per calendar year *Total contributions made "in connection with all candidates" in any single election*: the greater of $1,000 or ($500 multiplied by the number of City Council offices on the ballot + $1,000 multiplied by the number of City-wide offices on the ballot). *A candidate may not accept contributions from PACs which combined exceed*: City Council: $150,000 City Attorney or Controller: $400,000 Mayor: $900,000[86]
6. Miami-Dade County, FL		Mayor: $600,000 (General), $400,000 (Runoff) Commissioner: $150,000 (General), $100,000 (Runoff)[87]	Mayor: $0.27 (General), $0.18 (Runoff); Commissioner: $0.87 (General), $0.58 (Runoff)[88]	$250 per election[89]
7. New York, NY		*2003 / 2005 Election year limits:* Mayor: $5,728,000 per election Public Advocate and Comptroller: $3,581,000 per election Borough President: $1,289,000 per election Council: $150,000 per election[90]	*2003 / 2005 Election year limits:* Mayor: $0.71 per election Public Advocate and Comptroller: $0.45 per election Borough President: $0.80 per election[91] Council: $0.96 per election[92]	*The* following 2003 / 2005 contribution limits apply only to public financing **program candidates.** Citywide office: $4,950 per election cycle Borough President: $3,850 per election year Council: $2,750 per election cycle[93] *Participating candidates may not accept contributions from PACs unless the PAC voluntarily*

Jurisdiction		Spending Limits[68]	Spending Limits Per Resident[69]	Contribution Limits[70]
		Additional spending limits apply to the two years preceding the election year.	*Additional spending limits apply to the two years preceding the election year.*	*registers with the Campaign Finance Board and the contribution does not exceed the contribution limit applicable to the office.*[94]
8. Oakland, CA		Mayor: $321,000 Other Citywide Office: $229,000 District City Councilmember: $92,000 to $106,000 (depending on the population of the district) School Board Director: $61,000 to $71,000 (depending on the population of the district)[95]	Mayor: $0.80 Other Citywide Office: $0.57 District City Councilmember: $1.72 School Board Director: $1.14	*Contributions from persons to:* Non-participating candidates and PACs that make IEs: $100 per election Participating candidates: $600 per election[96] "Broad-based political committees" that make IEs: $300 per election[97] ***Contributions from "broad-based political committees" to:*** Non-participating candidates: $300 per election Participating candidates: $1,100 per election[98]
9. San Francisco, CA		Bd. of Supervisors: $75,000 (General), $20,000 (Runoff)[99]	Bd. of Supervisors: $1.06 (General), $0.28 (Runoff)[100]	General election: $500 Runoff election: $250 General election total limit: $500 multiplied by the total number of offices being elected, per contributor Runoff election total limit: $250 multiplied by the total number of offices being elected, per contributor Contributions to PACs (includes PACs that make IEs): $500 per year per committee and $3,000 total to all committees per year[101]
10. Suffolk County, NY		Executive: $313,000 (Primary), $522,000 (General) Other Countywide Offices: $104,000 (Primary), $209,000 (General) County Legislator: $16,000 (Primary), $31,000 (General)[102] *Additional spending limits apply to the year preceding the election year.*	Executive: $0.22 (Primary), $0.36 (General) Other Countywide Offices: $0.07 (Primary), $0.14 (General) County Legislator: $0.20 (Primary), $0.39 (General)[103]	*The following contribution limits apply only to public financing program candidates:* County Legislator: $1,000 per election Executive: $2,550 per election Comptroller, Treasurer, District Attorney: $1,500 per election[104] *Participating candidates are prohibited from accepting contributions from PACs, lobbyists or firms doing business, or proposing to do business with the county.*[105]
11. Tucson, AZ		Mayor: $.66 per registered voter in the city per election cycle: $160,164 (2001) Council: $.33 per registered voter in the city per election cycle: $80,082 (2001) *No candidate may spend more than 75% of these limits prior to the primary election.*[106]	Mayor: $0.33 per election cycle Council: $0.16 per election cycle[107]	From individuals: $340 per election From PACs: $340 per election From Small Donor PACs:[108] $1,730 per election Total From Political Party Committees: $8,640 per election Total contributions from non-party PACs: $8,640 per election Total contributions to candidates or PACs who contribute to other candidates: $3,230[109]

Jurisdiction		High Spending Opponent Trigger Provision	Independent Expenditure ("IE") Trigger Provision	Candidate Personal Contributions[110]
1. Austin, TX		Spending limits lifted.[111]	Spending limits lifted if IEs in a race by one person exceed $10,000.[112]	May not exceed 5% of spending limit.[113]
2. Boulder, CO		None	None	May not exceed 20% of spending limit.[114]
3. Cary, NC		Option to rescind contract and receive no more public financing.[115]	None	Limited only by the total spending limit.
4. Long Beach, CA		None	None	Limited only by the total spending limit.
5. Los Angeles, CA		Opponent expenditures in excess of applicable spending limit eliminates spending limit for all candidates in race.[116]	Total IEs in support of or in opposition to a candidate exceeding $50,000 in the case of a City Council race, $100,000 in a City Attorney or Controller race, or $200,000 in a Mayoral race releases any candidate seeking election to the same office from the applicable spending limit.[117]	Council: $25,000 Citywide office: $100,000[118]
6. Miami-Dade County, FL		Opponent expenditures, or receipt of contributions, in excess of the applicable spending limit eliminates spending limits for all other candidates in the race.[119]	None	May not exceed $25,000.[120]
7. New York, NY		Opponent expenditures, or receipt of contributions, in excess of 50% of the applicable spending limits eliminates spending limits for all other candidates in the race *and triggers an increase of $1 in the applicable matching fund rate*.[121]	None	May not exceed three times the applicable contribution limit.[122]
8. Oakland, CA		Opponent expenditures, or receipt of contributions, in excess of 50% of the applicable spending limits eliminates spending limits for all other candidates in the race.[123]	If an IE committee spends more than $15,000 on a District City Council or School Board race, or spends more than $70,000 on any other race, spending limits are no longer binding on any candidate running for the office.[124]	May not exceed 5% of the applicable spending limit.[125]
9. San Francisco, CA		Opponent expenditures, or receipt of contributions, in excess of 100% of the applicable spending limits eliminates spending limits for all other candidates in the race.[126]	If committees make IEs in support of or opposition to a candidate which, in total, exceed 100% of the applicable spending limits, spending limits are no longer binding on any candidate in the race.[127]	Limited only by the total spending limit.
10. Suffolk County, NY		Opponent expenditures, or receipt of contributions, in excess of 50% of the applicable spending limits eliminates spending limits for all other candidates in the race.[128]	None	May not exceed the contribution limit applicable to the office.[129]
11. Tucson, AZ		If an opponent makes contributions or expenditures of personal wealth in excess of $11,840, a candidate is no longer bound by state law contribution limits until the candidate raises an amount equal to the opponent personal wealth expenditures. Instead, such candidate will be bound by the less stringent Tucson Charter contribution limits ($500 from individuals and $1,000 from PACs) during this period.[130]	None	May not exceed 3% of the applicable spending limit in any election cycle.[131]

NOTES TO APPENDIX C

[1] Public campaign financing programs have been enacted in sixteen local government jurisdictions in the United States. This chart contains information only for the twelve jurisdictions with currently active public financing programs. Public financing programs in four local jurisdictions—Cincinnati (OH), King County (WA), Sacramento County (CA) and Seattle (WA)—have been terminated, three by statewide ballot measure and one by local ballot measure.

[2] Based on U.S. Census Bureau statistics for the 2000 census, which can be found at the *American Factfinder* website: http://factfinder.census.gov/servlet/BasicFactsServlet.

[3] In jurisdictions that use a matching funds system, as opposed to a lump-sum grant system, the amount of public funding a candidate may receive per contributor is typically limited by the size of the jurisdiction's contribution limit. For example, in Boulder a candidate may receive $1 in public funds for every $1 in private contributions up to the jurisdiction's $100 contribution limit. Therefore, a candidate in Boulder could not receive more than $100 in public funds per contributor. In an effort to encourage candidates to solicit smaller contributions from a larger number of donors, some jurisdictions place a limit on the size of a contribution that will be matched which is lower than the general contribution limit (*e.g.*, Los Angeles and New York City). For the purposes of interpreting this column, assume that contributions up to the contribution limit are matchable unless otherwise noted.

[4] Austin, Tex., Code § 2-9-34(A) (2001).

[5] Boulder, Colo., Revised Code § 13-2-20(a) (2001).

[6] *Id*.

[7] Town of Cary, N.C., Municipal Code § 2-55.3(a) (2001).

[8] *Id.* at § 2-55.8.

[9] *Id*. The ordinance reads that candidates for citywide office may receive no more than $25,000 in public funds, while candidates for district office may receive no more than $10,000 in public funds. However, candidates receive public funds in the amount of their expenditures, less the funds they have raised. The spending limit for citywide candidates is $25,000 and such candidates must raise $5,000 in "qualifying funding." Therefore, a citywide candidate could never receive more than $20,000 in public funds. The spending limit for district office is $10,000 and such candidates must raise $2,000 in "qualifying funding." Therefore, a district office candidate could never receive more than $8,000 in public funds.

[10] Long Beach, Cal., Municipal Code § 2.01.410(D) (2001).

[11] *Id.* at §§ 2.01.410(A)(3), (B)(2) and (C)(2).

[12] Los Angeles, Cal., Municipal Code §§ 49.7.20 and 49.7.19(B) (2001).

[13] *Id.* at § 49.7.22.

[14] Code of Miami-Dade County, Fla. § 12-22(f)(3) (2001).

[15] *Id*.

[16] New York City, N.Y., Administrative Code § 3-705(2) (2001). *See also id*. at § 3-702 (definition of "matchable contribution").

[17] *Id.* at § 3-705(2).

[18] *Id.* at § 3-706(3).

[19] Oakland, Cal., Municipal Code § 3.13.110 (2001).

[20] *Id*.

[21] San Francisco, Cal., Campaign and Governmental Conduct Code §§ 1.144(c) and (d) (2001). *See also id.* at § 1.104(k) (definition of "matching contribution").

[22] *Id*. at §§ 1.144(c) and (d) (2001).

[23] Suffolk County, N.Y., Charter § C41-4(C) (2001).

[24] *Id*.

[25] City of Tucson, Ariz., Charter, Chapter XVI, Subchapter B, § 5(a) (2001).

[26] *Id*.

[27] In order to be eligible to receive public campaign financing, candidates must first demonstrate a modicum of public support. Various qualification thresholds are used to ensure that public funds are not allocated to candidates with no support base. Most jurisdictions require candidates to rais e a minimum

amount of campaign funds in small contributions. Some jurisdictions (Austin and Cary) require that candidates receive enough votes in a general election to proceed into a runoff election before becoming eligible to receive public funds.
[28] Some jurisdictions require candidates who participate in the public financing program to also participate in a set number of public debates with their opponents.
[29] Austin, Tex., Code § 2-9-33 (2001).
[30] *Id.* at § 2-9-35.
[31] *Id.* at § 2-9-32.
[32] Boulder, Colo., Revised Code § 13-2-21(a) (2001).
[33] *Id*. at 12-2-20(a).
[34] Despite repeated attempts, we were unable to obtain data from the City of Boulder's November 6, 2001 election. This chart will be updated when the data is obtained.
[35] Town of Cary, N.C., Municipal Code § 2-55.2 (2001).
[36] *Id.* at § 2-55.10.
[37] Long Beach, Cal., Municipal Code § 2.01.410 (2001).
[38] *Id.* at § 2.01.910.
[39] Los Angeles, Cal., Municipal Code § 49.7.19(A)(1) (2001).
[40] *Id.* at § 49.7.19(C).
[41] Los Angeles, Cal., City Charter, Art. IV §§ 471(c)(1) and (2) (2001).
[42] Current through the 2001 city elections. This figure does not include public funds distributed in special elections. Source: Los Angeles City Ethics Commission, *Campaign Finance Reform in Los Angeles: Lessons from the 2001 City Elections* (2001).
[43] Code of Miami-Dade County, Fla. § 12-22(c)(5) (2001).
[44] *Id.* at § 12-22(d).
[45] *Id*. at § 12-22(c)(5).
[46] *Id.* at § 12-22(b).
[47] New York City, N.Y., Administrative Code § 3-703(2)(a) (2001).
[48] *Id.* at § 3-702(3).
[49] *Id.* at § 3-709.5.
[50] *Id*. at § 3-709.
[51] This figure includes public funds distributed up to and including the November 2001 general election. The figure is based on "Public Funds Disbursed per Election" data presented in Fact Sheet 6.3 in NEW YORK CITY CAMPAIGN FINANCE BOARD, AN ELECTION INTERRUPTED . . . AN ELECTION TRANSFORMED, 105-06 (2002)
[52] Oakland, Cal., Municipal Code § 3.13.080(C) (2001).
[53] *Id.* at § 3.13.060.
[54] This figure includes public funds distributed up to and including Oakland's March 2002 primary election.
[55] San Francisco, Cal., Campaign and Governmental Conduct Code §§ 1.140(a)(2) and 1.104(o) (2001).
[56] *Id.* at § 1.104(k).
[57] *Id.* at § 1.140(a)(4)(D).
[58] *Id.* at § 1.138.
[59] San Francisco will hold its first publicly financed elections in November 2002.
[60] Suffolk County, N.Y., Charter §§ C41-1 (definition of "Threshold Contribution") and C41-2(A)(8)(a) (2001).
[61] *Id.* at § C41-1 (definition of "Matchable Contribution").
[62] *Id.* at § C41-8(J).
[63] Suffolk County will hold its first publicly financed election in November 2002.
[64] City of Tucson, Ariz., Charter, Chapter XVI, Subchapter B, § 4(a) (2001).
[65] *Id.* at §§ 4(b) and 5(a).
[66] *Id.* at § 6.
[67] This figure includes only those public funds distributed to candidates through the 2001 elections.
[68] The spending limits in these jurisdictions are binding only on candidates who voluntarily agree to abide by such limits in exchange for public campaign financing. The U.S. Supreme Court has interpreted the First Amendment of the federal Constitution to prohibit mandatory spending limits. *See Buckley v. Valeo,* 424 U.S. 1, 49 (1976) (*per curiam*). The *Buckley* Court did rule, however, that Congress may "condition

acceptance of public funds on an agreement by the candidate to abide by specified expenditure limitations." *Id.* at 57 n. 65. The twelve local governments included in this chart have relied on this rationale to implement voluntary public financing programs with spending limits. The following jurisdictions apply a cost of living adjustment ("COLA") to the spending limits: **Boulder**, *see* Boulder, Colo., Revised Code § 13-2-21(b)(1) (2001); **Long Beach**, *see* Long Beach, Cal., Municipal Code § 2.01.1210 (2001); **Miami-Dade County**, *see* Code of Miami-Dade County, Fla. § 12-22(e)(3) (2001); **New York City**, *see* New York City, N.Y., Administrative Code § 3-706(1)(e) (2001); **Oakland**, *see* Oakland, Cal., Municipal Code § 3.12.200 (2001); **Petaluma**, *see* Petaluma, Cal., Ordinance No. 2106 § 1.30.050(A) (2000); **San Francisco**, *see* San Francisco, Cal., Campaign and Governmental Conduct Code § 1.130(f) (2001); **Suffolk County**, *see* Suffolk County, N.Y., Charter § C41-5(A)(4) (2001); and **Tucson**, *see* City of Tucson, Ariz., Charter, Chapter XVI, Subchapter B, § 3(c) (2001). The spending limits listed in this chart are the most current adjusted limits. The original limits can be found in the cited ordinances and charters.

[69] Most jurisdictions have enacted spending limits in the form of total dollar amounts, but a few have enacted spending limits on the basis of the number of voters or residents in the jurisdiction. This column was included to provide a standard unit for comparison between the programs of different jurisdictions. The figures given are based on U.S. Census Bureau statistics for the 2000 census, which can be found at the *American Factfinder* website: http://factfinder.census.gov/servlet/BasicFactsServlet.

[70] The limited listed in this column are limits on contributions from persons to candidates, unless otherwise noted. The term "person" is defined broadly in most jurisdictions to included humans, corporations, partnerships, political committees and other organizations. The term "PAC" is used as an abbreviated reference to a political committee. The following jurisdictions apply a COLA to the contribution limits: **Cincinnati**, *see* Cincinnati, Ohio, City Charter, Art. XIII § 4(f)(2) (adopted by voters Nov. 2001); **Long Beach**, *see* Long Beach, Cal., Municipal Code § 2.01.1210 (2001); **New York City**, *see* New York City, N.Y., Administrative Code § 703(7) (2001); **Oakland**, *see* Oakland, Cal., Municipal Code §§ 3.12.050(G) and 3.12.060(G) (2001); **Suffolk County**, *see* Suffolk County, N.Y., Charter § C41-2(F) (2001); and **Tucson**, *see* Arizona Revised Statutes § 16-905(J) (2001). The contribution limits listed in this chart are the most current adjusted limits. The original limits can be found in the cited ordinances and charters.

[71] Austin, Tex., Charter Art. III § 8(H) (2001).

[72] *Id.* at § 8(B). A "small-donor political committee" is a political committee which has accepted no more than $25 dollars from any contributor during any calendar year, has had at least 100 contributors during either the current or previous calendar year, has been in existence for at least six months, and has never been controlled by a candidate.

[73] *Id*. at § 8(A).

[74] *Id*.

[75] *Id.* at § 8(I).

[76] Boulder, Colo., Revised Code § 13-2-21(b)(1) (2001). The actual spending limit in 2001, when adjusted for the cost of living, was $0.161 per registered voter. When multiplied by $73,147 registered voters, the total spending limit per candidate was $11,742.

[77] *Id.* at § 13-2-11.

[78] Town of Cary, N.C., Municipal Code § 2-55.6 (2001).

[79] Based on total population, divided by four Town Council districts.

[80] N.C. Gen. Stat. § 163-278.13 (2001).

[81] These limits are current as of January 2002 and will be adjusted again in January 2004 to reflect changes in the cost of living. Long Beach, Cal., Municipal Code § 2.02.410 (2001).

[82] Based on total population, divided by nine City Council districts.

[83] The contribution limits listed here are the COLA adjusted limits that take effect on Jan. 1, 2002. Long Beach, Cal., Municipal Code § 2.02.310 (2001).

[84] Los Angeles, Cal., Municipal Code § 49.7.13 (2001).

[85] Based on total population, divided by fifteen City Council districts.

[86] Los Angeles, Cal., City Charter, Art. IV §470(c) (2001).

[87] Code of Miami-Dade County, Fla. § 12-22(e) (2001).

[88] Based on total population, divided by thirteen Commissioner districts.

[89] Code of Miami-Dade County, Fla., Fla. § 2-11.1.3(b) (2001).

[90] The spending limits given here are the limits that apply to the 2003 city council elections and the 2005 citywide office elections. New York City, N.Y., Administrative Code § 3-706(1)(a) (2001).
[91] Based on total population, divided by five Borough President districts.
[92] Based on total population, divided by fifty-one Council districts.
[93] The contribution limits given here are the limits that apply to the 2003 city council elections and the 2005 citywide office elections. New York City, N.Y., Administrative Code § 3-703(1)(f) (2001).
[94] *Id.* at §§ 3-703(1)(k) and 3-707.
[95] Oakland, Cal., Municipal Code § 3.12.200 (2001). The statute specifies the spending limit amount per resident, adjusted for changes in the cost of living. The city's limits are based on the City Clerk's resident population count of 399,477.
[96] *Id.* at § 3.12.050.
[97] A "broad-based political committee" is a committee of persons which has been in existence for more than six months, receives contributions from 100 or more persons, and acting in concert makes contributions to five or more candidates. *Id.* at §3.12.040. *See also id.* at § 3.12.060(C).
[98] *Id*. at §§ 3.12.060 (A) and (B).
[99] San Francisco also offers voluntary spending limits to candidates for the offices of Mayor, Board of Education, and other citywide offices, but does not offer public financing to candidates for these offices. *See* San Francisco, Cal., Campaign and Governmental Conduct Code § 1.130 (2001).
[100] Based on total population, divided by eleven Supervisorial districts.
[101] San Francisco, Cal., Campaign and Governmental Conduct Code § 1.114 (2001).
[102] Suffolk County, N.Y., Charter §§ C41-5(A) and (B) (2001).
[103] Based on total population, divided by eighteen County Legislator districts.
[104] Suffolk County, N.Y., Charter § C41-2(A)(6) (2001).
[105] *Id.* at § C41-2(G).
[106] City of Tucson, Ariz., Charter, Chapter XVI, Subchapter B, § 3.
[107] Based on total population, divided by six Council districts.
[108] A "small donor PAC" is a committee that receives contributions of $10 or more from at least 500 individuals. Arizona Revised Statutes § 16-905(I) (2001).
[109] *Id* at §§ 16-905(A)-(E).
[110] Applies only to candidates voluntarily participating in the public financing program.
[111] Austin, Tex., Code at § 2-9-12 (2001).
[112] *Id.* at § 2-9-12(C).
[113] *Id*. at § 2-9-7 (C).
[114] Boulder, Colo., Revised Code § 13-2-21(b)(2) (2001).
[115] Town of Cary, N.C., Municipal Code § 2-55.4 (2001).
[116] Los Angeles, Cal., Municipal Code § 49.7.14 (2001).
[117] *Id*.
[118] § 49.7.19(A)(3).
[119] Code of Miami-Dade County, Fla. § 12-22(i) (2001).
[120] *Id*. at §§ 12-22(c)(3) and (d)(3).
[121] New York City, N.Y., Administrative Code § 3-706(3) (2001).
[122] *Id.* at § 3-703(1)(h).
[123] Oakland, Cal., Municipal Code § 3.12.220 (2001).
[124] *Id*.
[125] *Id.* at § 3.13.090.
[126] San Francisco, Cal., Campaign and Governmental Conduct Code § 1.146(a) (2001).
[127] *Id*.
[128] Suffolk County, N.Y., Charter § C41-5(D) (2001).
[129] *Id.* at § C41-2(A)(8).
[130] Arizona Revised Statutes § 16-905(F) (2001). *See also* City of Tucson, Ariz., Charter, Chapter XVI, Subchapter A, § 2 (2001).
[131] City of Tucson, Ariz., Charter, Chapter XVI, Subchapter B, § 2 (2001).

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- Imposing or creating mineral severance taxes
- Drawing on taxes paid under a tax amnesty program
- Creating electoral public campaign financing bonds
- Creating tax credits (up to 100%) for candidate contributions
- Creating a "Democracy Endowment" or "Patriot Credit Card"
- Providing free time for candidates on city-operated cable television channels

Where to Get the Money? also summarizes existing state revenue sources and current techniques for funding electoral public campaign financing systems in 27 states and 11 local jurisdictions.

Where to Get the Money? is published by the Los Angeles-based Center for Governmental Studies (CGS). CGS drafts model campaign finance laws and ballot measures, researches campaign finance laws, and provides strategic consulting services to civic organizations and elected officials interested in reforms. This report is part of an ongoing series of publications that explore public campaign financing systems in the United States.

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