

**COMMISSION TO STUDY THE FEASIBILITY OF PUBLIC FUNDING OF
STATE ELECTION CAMPAIGNS—Chapter 55, Laws of 2008**

**Minutes of Subcommittee on Funding Mechanisms
October 18, 2008**

Commissioner Comstock-Gay called the meeting to order at 10:50 a.m. Also in attendance were Commissioners Hilton, Honigberg and Rubens.

Commissioner Comstock-Gay set forth an agenda to clarify the goals of the subcommittee's two weeks of meetings. October 18th would be used to identify and review likely funding elements from already gathered information and consider any additional, necessary research. The following week's meeting would be used to put together a funding package.

There was a short discussion about what amounts might be necessary for us to consider raising and, based on previous commission meetings, consensus quickly developed around using the target figure of \$10-12 million per year.

Cmr. Honigberg suggested going through each item on our list of possible revenue generators to try to determine:

1. what amount that item might bring in and if the committee couldn't figure that out they would try to do so over the coming week;
2. whether or not it was a good idea or a likely idea;
3. if an item should be removed from the list because it didn't meet the laugh test or was determined to be unconstitutional.

Christopher Booth, an advocate for public funding, who was present at the meeting was given a short time to present his paper "The NH Plan: Intelligent Campaign Reform."

Cmr. Hilton presented automobile-leasing information comparisons by state. After some discussion about what was charged by neighboring states and who was most likely to be paying this tax, including how many car rentals occurred during political seasons, especially the primary, it was agreed that, based on blended-years information and an assumption that there would be a small reduction in demand with an increase in tax, every 1% added would add an estimated \$750,000 in revenue. NH currently charges 8.5% on automobile rentals as part of the Rooms and Meals tax. The Subcommittee agreed that this rate could be raised to as much as 12%, meaning an increase over the present car rental tax by 1% to 3.5%.

The arguments in favor of using this funding mechanism were:

1. It would primarily be paid by people from out-of-state.
2. There was a link between the Commission's mission of public funding of campaigns and the high use of car rentals during election cycles.
3. It would not impact the NH economy.
4. Demand would be unlikely to change because people will still rent cars where they need them; it is not a terribly elastic demand.

The argument against this funding mechanism was:

1. If the rate was increased above 10%, it would be the highest rate in New England.

More research was needed to confirm current rates since the latest figures available were from 2004 and there was some belief that in other states there may be some local rates charged in addition to the state rates reviewed.

There was a short discussion of a report on what services were taxed by other states and what might be considered for our report. It was agreed that we would add to our list the category of admissions/amusements for future discussion.

There was a discussion on the idea of levying a surcharge on plastic bags. The idea was considered to be of social value and a revenue source that, at 10-cents-a-bag, could generate \$40 million the first year. The subcommittee decided that they were open to the idea and would revisit it with the following questions:

1. How much revenue would be generated at 10-cents-a-bag if it applied to every bag in the state and usage didn't shrink?
2. How much revenue would be generated at 10-cents-a-bag if it applied only in stores with a certain income?
3. How quickly would usage be reduced? It was reduced in Ireland by 90% after several years.

A discussion of the remainder of the list of items about which John Lighthall provided data.

The NH Legacy Tax was eliminated in 2003. Based on previous income figures, if reinstated it could generate \$65 million, and likely more than that. The NH Legacy Tax only applied to non-immediate family such as nephews and cousins. It doesn't apply to sons, daughters, etc. The subcommittee decided to put it in the "to be considered category."

Medicaid Enhancement Tax. It was decided that it was not a possible revenue source because it exists for other purposes and has no relation to public funding.

Check-off option for voluntary contributions on state tax filing forms such as the interest and dividends tax form. Accordingly to data from the DRA, there were 439,939 documents filed with the state in 2007. By assuming that 1% of those filers may make such a voluntary contribution (an additional contribution on top of their tax payments), and that the average contribution would be \$5, this would generate \$20,000/year.

Statewide Voter checklists. Currently, there is no money generated from the sale of such lists by the Secretary of State. However, parties have been known to sell these lists for \$65,000, after the list is supplemented with additional information. If the government were to get in the business of creating usable, augmented lists, there might be money to be generated. The subcommittee considered this as a possible funding source, but does not recommend it because of privacy concerns.

Fine revenue. By law, motor vehicle fees go to the highway fund. But motor vehicle fines such as speeding could be considered. Arizona uses a 10% surcharge on criminal and civil fines to fund public elections. We could follow Arizona's lead. Using the Arizona model, criminal fines could generate \$300,000/ year and motor vehicle fines could generate \$2 million/year. A strong argument for this funding source is that it is voluntary. If you don't want to contribute, don't break the law.

Lobbyist fees. Cmr. Honigberg and Rubens recused themselves from the discussion, adding only informational comments. Currently the fee for lobbyists is \$50.00/year per client for both profit and non-profit lobbyists. For every \$50.00 increase in this fee, we would generate approximately \$45,000. The subcommittee recommends that this fee be increased by at least \$50.00 and notes that it is an issue which is directly tied to public funding of elections.

Campaign law violations. A discussion on campaign law violation fines was considered and rejected because of the considerable investment of resources that would be required to track these violations. This is based on the information provided by Maine. It is clear that there is a need to provide scrutiny in order to have a proper system, but the result of that scrutiny will likely generate little or no revenue.

State election fund. There is \$15 million in the state funded, but it is federal money provided for HAVA-related purposes. There is zero money here for public funding revenue.

License plates.

Special license plates were considered next. The NH moose plate brought in approximately \$757,000 in FY 2007. The subcommittee considered a special "Granny D" license plate and/or a special "1st in the nation primary" license plate. There was a general feeling that NH citizens would be willing to give some money to protect their 1st in the nation status. The subcommittee recommends this, and estimates it could generate \$250,000/year.

Premium low-number license plates. There was also a discussion centered around premium or low number license plates, defined as those with four or less digits. There are 10,000 of these. The subcommittee considered the possibility both of charging additional for these plates (\$25/year could generate \$250,000 in income), and auctioning off these plates when the owner stops using them. Assuming an average cost of \$500 per plate at auction, this could generate \$50,000/year.

Not all items on the list of possible funding mechanisms were discussed. The discussion will continue next week.

The Commission Subcommittee adjourned at 1:35 p.m.

Respectfully submitted by Commissioner Hilton.