

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

**Minutes of Commission Session  
September 26, 2008**

**1. Minutes** – Commissioner Comstock-Gay moved to adopt September 19 Commission meeting notes, Commissioner Rauh seconded; unanimously approved.

**2. Agenda** –

Chair Cook outlined the agenda for the meeting:

- Preliminary discussion of possible funding sources, using the two lists generated by Commissioners Rubens and Hilton. Task is to identify questions we need to have addressed by DRA,

- Have preliminary discussion of structure. Note that at the Commission meeting on Friday October 3, we will hear a presentation Arn Pearson from Common Cause and Jonathan Wayne, Executive Director of the Maine Ethics Commission, which is responsible for administering Maine's public financing law.

The Chair also noted that he must leave the meeting today by 1:00 p.m. for a meeting of the Ballot Law commission.

**3. Possible funding sources.**

The commission next reviewed lists of possible funding sources. The two lists are attached – and were assembled by Commissioners Rubens and Hilton. Commissioners reviewed each list in succession, initially to make sure that Commissioners understand the meaning behind the recommendations. As the discussion began, Commissioner Rauh moved the following:

To confine discussion of funding options to items that are conceptually linked to elections, campaign activities. There was no second.

Commissioner Rauh proposed a second motion:

The Commission should be strongly guided by the idea that funding options should be conceptually linked to elections and campaign activities. The motion was seconded by Commissioner Rubens.

Discussion ensued. Commissioner Rubens offered that the extent to which screen is linked to elections is a viability test. To extent it is not means it may be not accepted. Commissioner Honigburg offered his opposition, stating that we should at this point consider all options, before narrowing the search. Others concurred.

After brief discussion, the motion was rejected on a vote of 6-1.

Discussion about and understanding of the various funding possibilities resumed.

While reviewing the list, Commissioner Hilton added another proposal – from Doris Haddock. That is a surcharge/ tax/ fine on companies that extract water for bottling. Discussion was held about all extractions of water except for governmental or non-profit use.

Commissioner Comstock-Gay shared research he conducted on a number of the proposed items. Among the observations:

- Some of the proposals here generate only one-time money, leaving permanent funding question unanswered.
- On the question of mineral extraction fees, there are few minerals in NH to be charged;
- State constitution requires that all lottery fees be applied to public education. Any lottery proposal would require either a Constitutional amendment, or would have to be framed as something other than a lottery. (This would involve better understanding how lottery is defined);
- “Jock” taxes are charged in many states. The absence of an income tax makes it difficult in New Hampshire, though there may be room for a different sort of fee related to major sports event (e.g. NASCAR races) in the state;

In addition, two more possible funding sources came up in his discussions:

1. Re-instatement of the NH Legacy and Succession Tax. The tax, which previously generated about \$60 million/year, was repealed some years ago.
2. Consideration of a higher tax on car rentals in the state. NH currently charged 8%, while other jurisdictions charge considerably more. Commissioner Cook observed that the current tax is really an extension of the Rooms and Meals Tax, not a separate car rental charge.

Discussion about the various options ensued, with commissionerse expressing various opinions on different items. Commissioner Rubens suggested the commission review the entire list and develop a list of items to consider going forward, and items to remove from the list. That process was agreed to. The resulting list is attached.

Commissioner Rauh then asked whether Commissioners are willing to contemplate a report that indicates the general fund needs to be tapped to fund this effort. Commissioner Cook said he’s ready to prepare a bifurcated report, including a series of items that could fund the proposal, or a portion of it, and include a comment about the advisability of that, and the comment that if the state were sincere about its intent to publicly finance elections, the public fund would need to be tapped. Others concurred, emphasizing the importance of conducting a comprehensive review, and determining as full a list of realistic funding sources as is possible. But understanding that in the end, the general fund may be a necessary recommendation.

After creating the list of items to consider, and items not to consider, Commissioner Cook asked Commissioner Comstock-Gay to submit a list of questions to the Department of Revenue. Comstock-Gay agreed to do so, and will circulate to commission members a list of his question before sending. Counsel David Frydman agreed to forward the appropriate contact name at DRA to Comstock-Gay.

Commissioner Rauh asked if any items on the list raised to the top for other commissioners. Commissioner Cook offered that after the preliminary list, he likes the license renewal/registrations as one portion, along with contributions. Others offered a variety of options, but nothing was unanimous.

Chair Cook left meeting at 1 pm, turning over chair to Commissioner Honigburg.

Commissioner Rauh next shared new campaign finance structure adopted by national groups working on this. He distributed a two-page summary from Americans for Campaign Reform. He also added that the Durbin/Specter bill will be reintroduced in next session of Congress. Same bill will be introduced in the House by Rep. Larson of CT (D) and Rep. Walter Jones of NC (R ). Senator Obama will work on it if elected President, and expectations are that Senator McCain would provide some support if elected President.

Commissioner Honigburg suggested that homework should be to become familiar with this new proposal, and with the Maine and Arizona models.

The meeting was adjourned by Commissioner Honigberg at 1:07 pm

Respectfully submitted by Commissioner Stuart Comstock-Gay, Secretary, pro tem.

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## **Working list of ideas for financing public funding of elections in NH**

These items should continue to be considered by Commissioners, per a discussion at the meeting of September 26, 2008.

Criminal and Civil Fines

Punitive Damage Surcharges

New or Increased Sales Taxes on Discretionary Items

Tax on Candidate Consultant Income

Fees or Surcharges on Bids for State Contracts

Fees or Surcharges on Regulated Industries

“Jock” taxes – and related fees regarding large events in the state

Voluntary Designations

Extensions of Temporary Taxes

New temporary taxes

“Democracy Endowment” (private contributions)

Larger Campaign Contributions with a Percentage of the Increase for Public Financing

Lobbyist fees

Special voluntary license plate fee

Car rental tax

Legacy tax reinstatement

Candidate PF Elections Qualifying Contributions

Penalties for Public Campaign Finance Law Violations

Unspent candidate seed and qualifying monies

Candidate late report filing fines

Earnings from fund balance

Incremental contributions on many state tax/fee forms

No lapse on unspent funds

Tax on advertising income

Fee for posting political signs on state property

sell state voter file list

surcharge on driver license renewals

surcharge on vehicle and boat registrations

Variety of recycling/ transfer station/ dumping costs – all present a challenge around viability, and whether or not such funds would need to be devoted to environmental causes. They include:

- Fees for use of plastic bags
- Fund through laws mandating producer responsibility of certain solid wastes— such as packaging, newspapers, cars, car tires, batteries, electric and electronic products, etc. Producers would be responsible for recycling their products or have to pay a surcharge to the state that could be used to fund public financing of elections.
- Surcharge on waste dumped at landfills to reduce toxicity in our environment.
- A percentage of transfer station income from recycling

In addition, two items are not financing sources, but are mechanisms for implementing the plan. They are: Public Campaign Finance Bonds and “Patriot Credit Card” and Campaign Vouchers

## **IDEAS FOR PUBLIC FUNDING OF ELECTIONS**

*List assembled and submitted by Commissioner Hilton.*

1. There are several ideas out there that tie public financing to the public good of sustainable living. One of these is the idea that plastic bags are a scourge on the earth and that a surcharge on the use of plastic bags somewhere along the chain either at manufacture, import, wholesale or retail levels might be beneficial to our effort, our cities, states, oceans and the planet. Just google “sea of plastic” to understand what this effort is about. And here is a link to understand what might be done: <http://www.rockymountainnews.com/news/2008/feb/08/10-cents-a-bag-surcharge-suggested/>
2. A special program in which the State sold bonds for a limited time particularly earmarked to fund public funding of elections.
3. A surcharge on hard liquor.
4. Ask individuals to donate to a general fund that would be for all candidates, not a specific party.
5. Change the process by raising awareness. As people learn what ‘public funding’ means, communities, citizens and officials come to understand that a do-nothing course of action in the face of larger campaign financing trends is neither a feasible life choice nor an acceptable municipal course of action. This realization gives rise to the political will to change.
6. Equal free media time given to all candidates based on the idea that the airwaves supposedly belong to the people.
7. Surcharge on candy.
8. Lottery tickets for clean elections
9. Clean vote license plates
10. Fund through laws mandating producer responsibility of certain solid wastes—such as packaging, newspapers, cars, car tires, batteries, electric and electronic products, etc. Producers would be responsible for recycling their products or have to pay a surcharge to the state that could be used to fund public financing of elections.
11. Surcharge on waste dumped at landfills to reduce toxicity in our environment.
12. Voluntary check-off
13. Surcharge on sale of boats over a certain size
14. Surcharge on golf
15. Surcharge on restaurant bills over a set amount, say \$150.00
16. Surcharge on driver’s license renewals
17. Add \$6 to car registrations
18. Swap one cost for another: ie have the parties pay for the primary elections so that state-spent money would be freed up to use for public financing.
19. Take a % of transfer station income from recycling
20. Have a grocery-store donation-at-the-register campaign every year.
21. School board members get paid. What if towns/counties proceed to pay their legislators? The money freed up from that could help finance public funding.

## **IDEAS FOR PUBLIC FUNDING OF ELECTIONS**

*From a variety of sources, including Center for Governmental Studies, Public Financing of Elections: Where to Get the Money. I have deleted those which are a form of general fund sources (i.e. tax rebates, etc.) List submitted by Commissioner Rubens.*

Income tax  
Criminal and Civil Fines  
Punitive Damage Surcharges and Proportional Awards  
Elimination of Tax Credits, Deductions or Exemption  
Corporate Tax Surcharges  
New or Increased Sales Taxes on Discretionary Items  
Sales Taxes on Advertising  
Tax on Candidate Consultant Income  
Mineral Severance Taxes  
Fees or Surcharges on Bids for State Contracts  
Fees or Surcharges on Regulated Industries  
Tax Amnesty Programs  
Public Campaign Finance Bonds  
Slot Machine Taxes  
Refundable Deposits on Containers  
New or Enhanced State Lottery Revenues  
“Jock” taxes  
Sales of Surplus Property  
Voluntary Designations  
Extensions of Temporary Taxes  
“Democracy Endowment”  
“Patriot Credit Card” and Campaign Vouchers  
Larger Campaign Contributions with a Percentage of the Increase for Public Financing  
General Fund Appropriations  
Candidate PF Elections Qualifying Contributions  
Penalties for Public Campaign Finance Law Violations

Unspent candidate seed and qualifying monies  
Candidate late report filing fines  
Earnings from fund balance  
Voluntary contributions  
Incremental contributions on many state tax/fee forms  
Election sponsorships – naming rights via auction  
Lobbyist registration fees  
Special voluntary license plate fee

No lapse on unspent funds

Tax on advertising income  
Fee for posting political signs on state property