

JANUARY 2013

- 1 Quebec Political Financing Changes Come Into Force
- 2 Contact Us

Quebec Political Financing Changes Come Into Force

By Cyrus Reporter

This past Tuesday marked the coming into force of Quebec's Bill N°2: *An Act to amend the Election Act in order to reduce the elector contribution limit, lower the ceiling on election expenses and increase public financing of Québec political parties.*

Passed by Quebec's National Assembly on December 6, 2012 by consensus (i.e. all sitting parties supported the new provisions), the bill introduces a number of key measures aimed at reforming political financing in the province. The bill aims to restore public confidence in the political financing system as Quebec has been subject to several corruption scandals related to political donations in recent months.

The law will apply only to provincial politics, however, Bernard Drainville, the Minister responsible for Democratic Institutions, has signaled another bill will follow to reform financing in municipalities and school boards later this calendar year. The Minister explained that with Bill N°2 Quebec will have "one of the most rigorous and transparent electoral financing systems in the world."

Bill N°2 will amend the Quebec Elections and Taxations Act(s) to:

- Reduce the maximum allowable contribution an elector may donate to a political party, an independent member, or an authorized independent candidate, per year, from \$1,000 to \$100. In the case of a general election or a by-election, an additional contribution of \$100 will be allowed, in addition to the first \$100 already permitted by law.

- The maximum contribution allowed in cash is reduced, from \$99 to \$50. This must be accompanied by a form, which is submitted directly to Elections Quebec.
- The bill will abolish the provincial tax credit for political contributions previously in place.
- Savings generated by the elimination of tax credits for political donations will be used to increase state financing of political parties. Subsidies for political parties will increase from \$0.85 to \$ 1.50 per vote and will be linked to their share of the popular vote in general elections.
- To address the shortfall resulting from a reduced public contribution limit, all recognized political parties will be entitled to public funding, provided they have at least 500 members in ten regions of Quebec and 1,000 members across the country.
- Public financing will operate under a matching system, managed by Elections Quebec. The first \$20,000 raised by a political party will be entitled to \$50,000 of matching from the state (i.e. \$1 raised by a political party equals \$2.50 of state financing). Beyond this first installment of \$20,000, the match will be dollar for dollar up to a maximum of \$200,000. Thus, a political party that amasses \$220,000 in contributions generates total revenue of \$470,000. Under state financing they will have received a maximum subsidy of \$250,000 for the financial year. This mechanism is doubled during an election year; therefore, a political party could garner an additional \$250,000.
- Campaign spending by political parties in election campaigns is now capped at \$8 million. By comparison, during the last general election, the parties and their candidates could have spent a total sum of around \$11.5 million dollars.
- Certain definitional changes to what constitutes political activities are introduced; so that parties may not circumvent fundraising rules by organizing conferences, retreats, cocktails, and other meetings or events to finance “political activities” outside the system.
- For all leadership races, donations will be collected through the website of Elections Quebec, and the contribution limit will be halved from \$1,000 to \$500 (now without tax credit).

It should be noted that the changes introduced via Bill N°2 will not affect leadership races currently underway. Present leadership candidates will still be able to make use of the old financing system (\$1,000 donation limit which includes tax credit).

Contact Us

For further information, please contact a member of our [National Public Policy Group](#).