

## **Ballot Question**

Shall the city charter be amended to provide a voluntary public campaign finance system, providing voters with small-dollar contribution vouchers to enable contributions to candidates for mayor and city council who have demonstrated grassroots support?

## **Amendment**

### **ARTICLE III. - ELECTIONS.**

#### **§ 10. - DEMOCRACY DOLLARS PROGRAM.**

(A) Purpose. The Democracy Dollars Program (“Program”) is vital to ensure all the people of Austin have equal opportunity to participate in political campaigns and be heard by candidates, to strengthen democracy, to fulfill the purposes of single-member districts, to enhance candidate competition, and prevent corruption.

(B) Definitions. For the purposes of this section, the following terms have the following meanings:

(1) City-elected position. The term “city-elected position” means the position of mayor or city council member.

(2) Election cycle. The term “election cycle” means the period between (a) the 365th day before the date of the general election and (b) the later of the date of the general election and the date of any run-off election for a city-elected position required by the results of the general election.

(3) Holder. The term “holder” means the individual who may assign a Democracy Dollars Voucher.

(4) Qualifying contributions. The term “qualifying contribution” means a contribution of at least \$10 from an adult Austin resident (18 years of age or older) who is a natural person and is eligible under federal law to make political contributions.

(5) Voucher aggregate limit. The term “voucher aggregate limit” means the cumulative dollar value of Democracy Dollars Vouchers that may be redeemed by a candidate for a general or run-off election.

(C) Issuance of Democracy Dollars.

(1) Amount and Delivery. No later than the first business day of June 2022 and the first business day of March of each subsequent municipal election year, the city clerk shall mail to each person who was on or about that January 1 duly and actively

registered to vote in Austin, at his or her address in the voter registration records, one \$25 Democracy Dollars Voucher for each city-elected position that the person may vote for in Austin in the general election that year, for a maximum of two \$25 Democracy Dollars Vouchers. However, the city clerk may deliver Democracy Dollars Vouchers online or in another manner if the city clerk so elects. Thereafter, the city clerk shall regularly issue one \$25 Democracy Dollars Voucher for each city-elected position that the person may vote for in Austin in the general election that year, to any person becoming a duly registered Austin voter after that January 1st, up until at least October 1 of the election year, with regular issuance after October 1 allowable in the city clerk's discretion. Any person who is actively registered to vote in Austin may obtain an equivalent number of Democracy Dollars Vouchers by application to the city clerk, provided that no person shall be entitled to or receive more than one \$25 Democracy Dollars Voucher for each city-elected position that the person may vote for in Austin in the general election that year. Any such eligible adult may request Democracy Dollars Vouchers be mailed or emailed to an address other than that indicated in the voter registration records, or be delivered at the city clerk's office, as soon as the city clerk shall have developed a secure system for such distributions of Democracy Dollars, including distribution online, in person, or to an address not listed in the voter registration records. No person residing outside of Austin, no corporation or other non-human entity, and no person under the age of 18 years, may receive a Democracy Dollars Voucher.

(2) Form of Democracy Dollars Voucher. Each \$25 Democracy Dollars Voucher shall be issued with:

- (i) the holder's full name;
- (ii) a unique voucher identification number;
- (iii) the election for which the voucher is issued;
- (iv) the city-elected position for which the voucher is issued;
- (v) the amount of voucher funds that the voucher represents;
- (vi) a place to write the date on which the holder assigns the voucher;
- (vii) a place to write the name of the candidate to whom the holder assigns the voucher;
- (viii) a statement that informs the holder of all of the following: the holder may not revoke an assignment of the voucher, the holder may not transfer the voucher, the voucher has no monetary value, and the holder may assign the voucher only as provided in this section;
- (ix) a statement that affirms that the holder assigns the voucher voluntarily, free from duress, and not in exchange for consideration;
- (x) a signature line; and
- (xi) additional information as the city clerk determines is necessary to administer a voucher.

(3) Assignment of Democracy Dollars. Democracy Dollars Vouchers are only transferable or assignable as stated herein. A Democracy Dollars Voucher may only be assigned to a candidate for the city-elected position for which it was issued. Any person properly obtaining and holding a Democracy Dollars Voucher may assign it by writing in the name of the assignee candidate, signing the holder's name on and dating the Democracy Dollars Voucher where indicated thereon, and delivering the signed and dated Democracy Dollars Voucher to the candidate, to the city clerk, or to any candidate's representative who shall be registered for this purpose with the city clerk. Delivery may be by mail, in person (by any person the holder requests to deliver the voucher), or electronically via a secure online system. The city clerk shall establish a secure online system for delivery of Democracy Dollars Vouchers (without prejudice to any eligible person's option to receive Democracy Dollars Vouchers in the mail) no later than January 1, 2024, unless the city clerk determines this target date is not practicable; and in any event no later than January 1, 2026.

(4) Limitations on Assignment. A person may only assign a Democracy Dollars Voucher to a candidate who has chosen to participate in the Program and who has filed a signed statement of participation and pledge with the city clerk as described below. No Democracy Dollars Voucher may be assigned after the day of the run-off election, or to any candidate filing for participation who then fails to qualify, loses, or becomes unqualified for the position sought or for the Program. A candidate or registered candidate representative may seek assignment in person or through representatives or by assisting a voter to access the city clerk secure online system. A valid assignment is irrevocable. A person may assign \$25 Democracy Dollars Vouchers only to candidates for city council in a council district they reside in and to candidates for mayor, if the council or mayoral election is on the ballot, in a given election cycle. The city council shall adopt legislation prohibiting the assignment or transfer of Democracy Dollar Vouchers for cash or any consideration, as well as the offer to purchase, buy or sell a Democracy Dollars Voucher. No person may give or gift a Democracy Dollars Voucher to another person, except by assigning it to a candidate as provided herein. Democracy Dollars Vouchers have no cash value and are not assets, income or property of the holder. A Democracy Dollars Voucher may not be assigned by proxy, power of attorney or by an agent.

(5) Assignor Assumes Certain Risks. A Democracy Dollars Voucher expires if the holder is no longer eligible to vote under state law, no longer a resident of Austin, or, in the case of Democracy Dollars Vouchers issued for a city council election, no longer a resident of a city council district whose council member will be elected in the pending city election, if such circumstances take place prior to the receipt of the Democracy Dollars Voucher by the city clerk. The holder of a Democracy Dollars Voucher assumes the risk that the holder may wish to change the assignment, or that the Democracy Dollars Voucher may not be redeemed due to any contingency, including but not limited to: unavailability of Program funds; the assignee candidate reaching the voucher aggregate limit; a candidate's death, disqualification, dropping

out, or failure to redeem or use the Democracy Dollars Voucher; and a candidate not qualifying or violating the terms of qualification.

(6) Repeal. City Code Sections 2-2-11 through 2-2-17 (*Voluntary Limitations on Contributions and Expenditures*) and City Code Sections 2-2-61 through 2-2-65 (*Austin Fair Campaign Finance Fund*) are repealed.

(D) Candidates Qualify by Showing Grassroots Support and Other Requirements

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

(2) Candidate Requirements for Program. To seek qualification, the candidate shall file with the city clerk, on or after the 365th day before the date of the general election and within four weeks after appointing a campaign treasurer, a sworn statement attesting to his or her intent to participate, asserting that the candidate shall comply with Program requirements and applicable campaign laws. Such Program requirements are that the candidate:

- (i) shall comply with campaign laws and contribution limits;
- (ii) shall not knowingly themselves, or through their agents, solicit money for or on behalf of any political action committee, political party, or any organization that will make an independent expenditure for or against any candidate for a city-elected position within the same election cycle (for the purposes of this section, appearing as a featured speaker at a fundraising event for a committee or entity shall constitute soliciting money for such committee or entity);
- (iii) shall take part in at least three public debates for general and run-off elections each (as defined by the city clerk, which may waive or reduce at its discretion the number of debates, if a qualifying candidate makes all reasonable efforts to participate in debates and similar public events); and
- (iv) shall not solicit or accept total contributions from any individual or entity in excess of the contribution limits per election specified the Austin City Charter and Code (including any contribution used to qualify for Democracy Dollars Vouchers and the value of Democracy Dollars Vouchers assigned to such candidate).

(3) Signatures and Qualifying Contributions. To qualify for the Program, candidates shall show to the city clerk's satisfaction that they have received at least the following numbers of signatures from qualified voters residing in the territory from which the office is elected and qualifying contributions: for signatures, at least twice the number of signatures required by statute for a place on the ballot for the office sought by the candidate; and for qualifying contributions, at least 150. The city clerk shall maintain a list of qualified candidates and make it readily accessible to the public, including by publishing it on the City's website. The city clerk shall establish rules for campaign disclaimers as to whether candidates are participating or not in the Program. After every election cycle and after holding public hearings, the city clerk may adjust the signature and qualifying contribution thresholds as circumstances change to ensure that the purposes of the Program are fulfilled.

(4) Voucher Aggregate Limits. Participating candidates shall comply with all campaign laws and not exceed the following voucher aggregate limits for Democracy Dollars Vouchers that the candidate shall have allocated to the general or run-off election: for mayoral candidates, \$300,000 for the general election and \$300,000 for the run-off election; for city council candidates, \$75,000 for the general election and \$75,000 for the run-off election. Prior to the 365th day before the date of each general election, the city clerk shall modify the voucher aggregate limit to increase or decrease in accordance with the most recently published federal government Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average. The most recently published Consumer Price Index on May 1, 2021, shall be used as a base of 100 and the adjustment thereafter will be to the nearest \$50,000 for candidates for mayor and to the nearest \$12,500 for candidates for city council.

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

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

(7) Redemption of Democracy Dollars Vouchers. The city clerk shall redeem Democracy Dollars Vouchers only:

(i) if redemption shall not put the candidate over the voucher aggregate limit;

- (ii) if Program funds are available;
- (iii) after verifying the Democracy Dollars Voucher was received from an eligible person; and
- (iv) after verifying the Democracy Dollars Voucher signature. To verify signatures, the city clerk may contract with other governmental agencies.

The city clerk shall redeem Democracy Dollars Vouchers on published regular redemption dates that shall be no less frequent than twice a month. The city clerk shall not redeem any Democracy Dollars Voucher received later than one day after the day of general election from any candidate who does not qualify for the run-off election or received later than one day after the day of run-off election from any candidate in the run-off election.

(8) Limits on Use of Voucher Proceeds. Candidates shall use Democracy Dollars Voucher proceeds only to pay their own campaign costs or debts, as defined by state and local laws, for the relevant election, and may not use such proceeds after a reasonable period (to be set by the city clerk) following the election to pay campaign debts incurred before the election. Candidates shall not use Democracy Dollars Voucher proceeds:

- (i) for any cash payments or in violation of any law;
- (ii) to pay the candidate or family members within the 3rd degree of consanguinity and affinity for any goods, services, or things of value;
- (iii) to pay any entity in which the candidate, or family members within the third degree of consanguinity and affinity, holds a five percent or greater ownership interest;
- (iv) to pay any amount over fair market value for any goods, services or things of value;
- (v) to pay any penalty or fine;
- (vi) to pay any costs related to contested elections, defense of campaign or ethics violations, inaugurations, or officeholder expenses; or
- (vii) to donate any amount to another candidate, political committee, or non-profit organization.

The city clerk may promulgate regulations defining what constitutes campaign use that is stricter than state law. The candidate and their campaign are liable for their campaign's misuse of Democracy Dollars. Penalties for misuse of Democracy Dollars Vouchers or other violations of the rules of the Program may include any of

the following: disqualification from participation in the Program; restitution to the Program of all costs of prosecution, including attorneys' fees; restitution to the Program of all funds received by the candidate from the Program in that election cycle; and restitution to the Program of any amounts misappropriated or the face value of Democracy Dollars Vouchers misused.

(9) Return of Democracy Dollars Voucher Proceeds. A candidate who has redeemed a Democracy Dollars Voucher, then withdraws, dies, becomes ineligible, loses qualification, or is eliminated in any general or run-off election, or wins a general election, shall within a reasonable period, as defined by the city clerk, pay all reasonable and necessary debts and obligations, account to the city clerk, and restore to city clerk and the Program unspent Democracy Dollars Voucher proceeds, which the city clerk shall define by rule.

(E) Funding and Spending Limits.

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

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

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

(4) At the beginning of each calendar year, the City of Austin shall transfer in general revenue funds at least \$500,000 to the Program fund account for the purpose of funding the redemption of Democracy Dollars Vouchers.

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

(F) Transparency.

(1) Assigning a Democracy Dollars Voucher is a public act. Recipients of Democracy Dollars Vouchers shall expect the same to be public and made public and shall have no expectation of privacy in registering to obtain, or in assigning, Democracy Dollars Vouchers. All Democracy Dollars Vouchers holders are on notice that the process is

public and transparent, except that the city clerk shall not publish mail, email, or other addresses to which Democracy Dollars Vouchers are sent, unless required by law.

(2) The city clerk shall make transparent, at its offices and on its website, all assignments and redemptions of Democracy Dollars Vouchers, including recipient name, voucher identification number, date assigned, to whom assigned, and when redeemed. The city clerk shall provide other necessary means to make the Democracy Dollars Voucher process and Program open and transparent so that each Democracy Dollars Voucher recipient and the media and public can track assignments of Democracy Dollars Voucher.

(3) If a Democracy Dollars Voucher recipient believes the recipient's Democracy Dollars Voucher was lost, stolen, or fraudulently or improperly assigned or redeemed, the city clerk may require a notarized declaration or affidavit or other process to find the relevant facts and provide relief it deems appropriate, including Democracy Dollars Voucher replacement, cancellation of assignment, or reimbursement of any improperly obtained Program funds.

(4) The city clerk shall promulgate rules and regulations regarding its receipt of duplicate Democracy Dollars Voucher and shall ensure that a process exists for any Democracy Dollars Voucher recipient to attempt to show, without any filing fee or charge, the facts of loss, theft, destruction, forgery of, duress in, or other improper acts concerning or in the assignment of the Democracy Dollars Voucher. Such process shall at minimum include procedures to submit information through mails or in person.

(5) In all cases, no Democracy Dollars Voucher assignment shall be deemed invalid or revocable unless for reason of being a duplicate voucher or forgery, threats, coercion, or physical duress, shown by clear and convincing evidence. The city clerk shall issue regulations providing remedies and consequences for such acts, which may include, for sufficient material violation of Program requirements, campaign laws, or any acts of intentional forgery, threats, duress, or coercion in obtaining assigned Democracy Dollars Voucher, an order requiring a candidate to return to the Program any proceeds of Democracy Dollars Voucher or disqualifying a candidate from the Program.

(G) Administration.

(1) The city clerk shall implement and administer the Program, Program funds, and provisions in this section, including issuing and promulgating appropriate regulations, forms, rules, information packets, procedures, and enforcement mechanisms. The city clerk shall through rule-making carry out the provisions of this Subchapter VIII, including but not limited to making regulations, defining terms, establishing other

rules, or promulgating any other administrative regulations or guidelines not inconsistent with the provisions of this section.

(2) Prior to distributing Democracy Dollars Vouchers, the city clerk shall inform the public about Democracy Dollars Vouchers and the Program. The city clerk shall publish appropriate guidebooks for candidates and Democracy Dollars Vouchers recipients, and all forms, instructions, brochures and documents necessary and proper for the Program.

(3) After each election in which Democracy Dollar Vouchers are made available, the city clerk shall review the Program and submit reports to the public and the city council. The city clerk shall project Program revenue, expenditures, and Program funds balances, and shall revise and update such projections regularly, and at all times shall manage Program funds as a fiduciary, ensuring proper accumulation and distribution of funds, during nonelection and election years, to achieve Program purposes and goals. In making such projections and administering this Program, the city clerk shall consider all relevant circumstances, including differing voucher aggregate limits for different offices, differing funding needs in mayoral and non-mayoral election years, and the need to manage the Program and funds to seek participation by candidates.

(4) By June 1, 2022, and January 1 of each municipal election year thereafter, the city clerk shall manage and prudently conserve Program funds by considering and projecting Program funds availability and disbursements for that year and by publicizing such projections, which shall include and consider needs of participating candidates, needs for conservation of funds for future years or reserve accumulation, prudent operating and administration cost, and prudent conservation of public resources.

(5) By June 1, 2022 and January 1 of each municipal election year thereafter, to assure candidates that ample funds will be available for Democracy Dollars Voucher redemptions and to assure the public that Democracy Dollars Voucher redemptions will be prudently managed the city clerk shall set and publish an "Available Program Funds Limit" for that year for Democracy Dollars Voucher redemptions. In setting the Available Program Funds Limit, the city clerk shall work to reasonably project and ensure that adequate Program funds are available for that election year consistent with this section and its goals and purpose.

(6) During any municipal election year, as soon as the city clerk receives or reasonably believes it shall receive Democracy Dollars Vouchers for redemption in excess of the Available Program Funds Limit for that year, then Program funds shall be deemed unavailable, and the city clerk shall publicly announce the same and set a prompt deadline date for Democracy Dollars Vouchers delivery. After the deadline, the city clerk, considering Democracy Dollars Vouchers received and available

Program funds, shall allocate remaining available Program funds proportionately per unredeemed verified Democracy Dollars Vouchers on hand, pro rata among all participating candidates for all offices without discrimination.

(7) If any special election is called, the city clerk shall set aside Program funds for such election in an amount it deems appropriate. The city clerk may set, implement, or modify standards, procedures, limits, and deadlines similar to those in this section as the city clerk deems proper and necessary for such special election, taking care to not unduly prejudice accumulation of Program funds.

(H) Severability. If any provision of this section, or the application of that provision to any persons or circumstances, shall be held invalid, then the remainder of this section, to the extent that it can be given effect, and the application of that provision to persons or circumstances other than those to which it was held invalid, shall not be affected thereby, and to this extent the provisions of this section are severable.