



**ELECTIONS BC**

A non-partisan Office of the Legislature

# GUIDE TO INITIATIVE FINANCING



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# Introduction

Elections BC has prepared this guide to help individuals understand initiative petition financing rules. It summarizes the *Recall and Initiative Act's* requirements, but is not a substitute for the Act. If there is an inconsistency between this guide and the Act, the Act will prevail.

For more information or assistance, contact our Electoral Finance team at [electoral.finance@elections.bc.ca](mailto:electoral.finance@elections.bc.ca).

# Initiative petition financing

## Initiative petition and initiative vote financing

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*The Recall and Initiative Act* contains many provisions governing the financing of initiative proponent and opponent campaigns. These provisions include the appointment of financial agents, obligations of financial agents, definitions of initiative petition and initiative vote contributions and expenses, expenses limits, recording requirements, and more. It is essential that participants observe these rules carefully. Failure to comply with the financing provisions of the *Recall and Initiative Act* may result in failure of the initiative petition or initiative vote, or may result in significant penalties.

## Financial agent requirements

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Initiative proponents, opponents, and opponent groups must have financial agents.

The following individuals are disqualified from acting as a financial agent:

- an individual who does not have the full capacity to enter into contracts (e.g. a minor child),
- an individual who has an unpaid penalty for incurring initiative petition expenses or initiative vote expenses over the allowable limits,
- an individual who has an unpaid penalty for failure to file an initiative petition financing report, or an initiative vote financing report, or who has not yet filed an overdue report,
- an individual who, at any time within the previous seven years, has been convicted of an offence under the *Recall and Initiative Act* or the *Election Act*, and
- an election official, a voter registration official or a member of the staff of the Chief Electoral Officer.

The proponent of a petition may act as their own financial agent for the initiative petition and/or initiative vote. However, other proponents and opponents must have their financial agents designated by the Chief Electoral Officer.

Within 60 days of publication in the British Columbia Gazette of approval in principle for an initiative petition, the proponent must provide the Chief Electoral Officer with a completed appointment form for a financial agent, or confirm that the proponent will be acting on their own behalf in that capacity. An initiative petition proponent who wishes to be an initiative vote proponent for the same initiative must confirm that the proponent will be acting on their own behalf in that capacity or appoint a financial agent within 30 days after the notice of the initiative vote is published in the Gazette.

The Chief Electoral Officer designates the financial agents for other proponents, proponent groups, opponents and opponent groups. Initiative vote proponents, other than the proponent of the petition, or opponents must not act in that capacity until given notice by the Chief Electoral Officer that they are registered and that an individual has been appointed as financial agent. Sections 32 and 63 of the *Recall and Initiative Act* detail the relevant provisions.

### **Responsibilities of a financial agent**

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Financial agents are responsible for ensuring that the financial activities of a proponent, proponent group, opponent or opponent group in relation to an initiative petition or initiative vote are in compliance with the provisions of the *Recall and Initiative Act*.

Some of the financial agent's responsibilities include:

- ensuring that all initiative contributions, other income, initiative expenses and other expenditures are recorded and reported as required,
- keeping complete and accurate financial records,
- ensuring that all money received by or on behalf of an authorized participant in relation to an initiative petition or initiative vote is deposited in an account in a savings institution,
- ensuring that all expenditures of an authorized participant in relation to an initiative petition or initiative vote are paid from an account in a savings institution,
- ensure that an authorization statement is on all initiative advertising (see our [Guide to Initiative Communications](#)),
- filing an initiative petition financing report within 28 days after the end of the initiative petition period,
- filing an initiative vote financing report within 90 days after the end of the initiative vote period, and
- retaining, in British Columbia, all financial records and receipts relative to a report filed under the Act for a period of five years after filing the report.

A financial agent is not personally liable for any liability of a proponent or opponent unless the liability is personally guaranteed by the financial agent.

### **Assistant financial agents**

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A financial agent may authorize one or more individuals to accept initiative contributions and incur initiative expenses on behalf of the financial agent.

Authorization to act as an assistant financial agent must be in writing, and a copy of the authorization, along with the [Appointment of Assistant Financial Agent](#) form (950), must be sent to the Chief Electoral Officer as soon as possible.

Assistant financial agents must be appointed separately for initiative petition financing and initiative vote financing purposes.

### **Bank accounts**

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Each authorized participant must have a separate account in a savings institution. The account may be in any appropriate name. The financial agent must ensure all monetary transactions in relation to the initiative are processed through the account, including the deposit of all money received on behalf of the organization or individual and the payment of all disbursements made on their behalf.

Organizations or individuals must not share accounts, and the financial agent must ensure that the account is used exclusively for the monetary transactions of the organization or individual for whom the account was established.

Bank accounts for authorized participants can be opened at any time, even before a petition has been approved in principle.

### **Initiative contributions (donations)**

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An initiative contribution is the amount of money or the value of any property (goods) or services provided without compensation by way of donation, advance, deposit, discount or otherwise to an authorized participant in relation to an initiative petition or initiative vote.

This means that any money, services, or property provided, at any time, without compensation to a proponent, proponent group or registered opponent or opponent group in relation to an initiative petition or initiative vote is an initiative contribution, even if the contribution was received after the initiative petition period or initiative vote period had ended, or before either period commenced.

Any individual or organization may make an initiative contribution. There are no contribution limits or restrictions.

Initiative contributions are not eligible for tax receipts, and may not be claimed as a tax credit for income tax purposes.

The definition of initiative contributions does not include:

- services provided by a volunteer,
- property of a volunteer, if the property is provided or used in relation to the services of the individual as a volunteer (e.g. the use of a volunteer's car by the volunteer is not a contribution),
- publishing without charge news, an editorial, an interview, a column, a letter or a commentary in a bona fide periodical publication or a radio or television program,
- broadcasting time provided, without charge, as part of a bona fide public affairs program,
- producing, promoting or distributing a publication for no less than its market value, if the publication was planned to be sold regardless of the initiative petition or initiative vote, and
- property or services provided by an election official, a voter registration official or any other employee of the Chief Electoral Officer in that official capacity.

If property or services are provided to an authorized participant at less than market value, the difference between the market value and the amount charged is an initiative contribution.

For information on how to determine market value, please see [Calculating the value of property \(goods\) and services](#) section.

All initiative contributions must be recorded and appropriately reported, regardless of when the contribution was received. Initiative contributions may be received weeks, or even months, before a proponent has even applied for a petition. Such contributions are still initiative contributions and must be recorded and disclosed.

Initiative contributions of over \$100 must be made by cheque, money order or credit card with the name of the contributor clearly shown and signed by the contributor.

Cash contributions or electronic fund transfers (e.g. PayPal or Interac email transfers) of over \$100 cannot be accepted.

## Volunteers

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Volunteers are individuals who voluntarily perform services and who receive no compensation, directly or indirectly, in relation to the services or the time spent providing the services. This means that employers cannot continue to pay people while they are working as volunteers. If they continue to be paid, they are not volunteers and the value of their services is a contribution from their employer and an initiative expense.

If an individual uses paid vacation time to work on a campaign, they will be considered a volunteer as long as they have not been directed by their employer to provide the services and the employer does not provide any extra vacation or leave.



### **Contributions to your own campaign**

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Money that an authorized participant who is an individual provides to their own initiative petition or initiative vote campaign is treated like any other initiative contribution, and it must be recorded and disclosed as such.

This means that any money a proponent or opponent contributes to their own campaign must be given to the financial agent. The financial agent is required to ensure that the money is deposited in the initiative account in a savings institution. Funds may be withdrawn from that account to pay any of the initiative expenses. This does not apply to the value of property or services provided by the authorized participant to their own initiative campaign.

This does not apply to authorized participants that are organizations, or to members of a proponent group or opponent group.

### **Fundraising functions**

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A fundraising function is an event held for the purpose of raising funds for the authorized participant to use in relation to their initiative campaign.

If an organization buys a ticket to a fundraising event held in relation to an initiative petition or initiative vote, the price paid is an initiative contribution, regardless of the price of the ticket. If the organization buys fundraising tickets and provides those tickets to other individuals, the organization is still the contributor for the purposes of the *Recall and Initiative Act*.

If an individual buys a ticket to a fundraising function and the ticket price is more than \$50, the individual is making an initiative contribution equal to the price of the ticket. If the price is \$50 or less, the price paid is not an initiative contribution. If the ticket price is \$50 or less, an individual may buy up to \$250 worth of tickets without it being considered an initiative contribution. A purchase of more than \$250 worth of tickets by an individual is an initiative contribution, regardless of the individual ticket price. If an individual is buying tickets to give to other individuals to attend the fundraising function, the person buying the tickets is still the contributor for the purposes of the *Recall and Initiative Act*.

### **Rules for auctions and garage sales**

If property or services donated for sale at a fundraising function are actually sold at the function, and have a market value of \$250 or less, the property or services are not considered initiative contributions.

If property or services donated for sale at a fundraising function have a market value of over \$250 or are not actually used for sale at the function, the property or services are considered initiative contributions and must be reported as such at their market value.

If property or services are purchased at a fundraising event at greater than market value, the difference between the price paid and the market value is an initiative contribution.

**Example:**

A proponent is holding a garage sale to raise funds. If an individual donates a blender worth \$75 for sale at the garage sale, the individual donating the blender is not making a contribution.

If the blender is sold at the garage sale for \$75 or less, the purchaser of the blender is not making a contribution. If the blender is sold for \$275, the purchaser is making an initiative contribution of \$200.

### **Anonymous contributions and limits**

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An anonymous contribution means that the recipient does not know who made the contribution. An individual cannot request that a contribution be accepted and reported as an anonymous contribution.

Anonymous contributions are not permitted unless the contribution is made in response to a general solicitation for funds (“passing the hat”) at a function held by or on behalf of an authorized participant **and** each contribution has a value of **less than \$50**.

Individuals wishing to donate \$50 or more cannot do so anonymously, and should give the contribution directly to the financial agent, or place a personal cheque in “the hat” rather than cash, or put the contribution in an envelope with the date, the amount contributed, and the contributor’s name and address printed on the envelope.

When accepting contributions made anonymously at a function, the financial agent is required to record a description of the function at which the contributions were collected, the date of the function, the number of people at that function, and the total amount of anonymous contributions accepted.

Authorized participants may want to consider having someone supervise the “passing of the hat” to ensure that no one places a \$50 bill or more in the hat.

If there is a total of \$50 or more per individual in attendance contributed anonymously, the total amount collected by passing the hat will be considered a prohibited contribution.

Prohibited contributions must be returned to the contributors or sent to the Chief Electoral Officer for remittance to the Consolidated Revenue Fund.

**Example:**

If 30 people were in attendance at an event where anonymous contributions were accepted and \$1,500 was received, the entire \$1,500 would be a prohibited contribution.

**Anonymous contribution limit**

The amount of anonymous contributions that an authorized participant can accept in relation to an initiative petition is limited to a total of \$5,000. An authorized participant may not accept more than \$10,000 in anonymous contributions in relation to an initiative vote.

## **Calculating the value of property (goods) and services**

If property (goods) or services are donated at no cost, the value of the contribution is the market value of the goods and services. The “market value” is the lowest price charged for an equivalent amount of equivalent property or services in the market area at the time the property or services are provided.

Applicable taxes should be included in the calculation of market value of donated goods or services.

**Example:**

If a printer provides brochures for free, the fair market value would be what the printer would normally charge, including taxes, for those brochures.

When capital assets are donated, the contribution is the value of using the property.

**Example:**

If an individual provides office space at no charge, the individual is making a contribution equal to the market value of renting the office space.

If free advertising space in a periodical publication (magazines, newspapers, etc.) or free broadcasting time is provided equitably to all authorized participants for an initiative petition or an initiative vote, the value of the advertising is considered nil.

### **Discounted property (goods) and services**

If someone gives an authorized participant a discount on property (goods) or services by offering them at less than market value, then that person is considered to have made an initiative contribution equal to the difference between the market value and the amount charged.

#### **Example:**

A printer gives a proponent a preferred rate on signs. The signs would normally cost \$1,500, but the printer only charges the proponent \$1,000. The printer's contribution is valued and recorded as \$500.

### **Prohibited contributions**

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If a prohibited contribution is received (for instance, \$40 cash anonymously by mail) the contribution must be returned. If it is not possible to return the contribution to the contributor, it must be turned over to the Chief Electoral Officer for remittance to the Consolidated Revenue Fund. Financial agents must keep a record of prohibited contributions and how each instance was resolved.

Prohibited initiative petition contributions must be returned within 14 days after the financial agent becomes aware of the contravention.

Prohibited initiative vote contributions must be returned within 30 days after the financial agent becomes aware of the contravention.

### **Loans**

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Loans to an authorized participant are generally not considered to be initiative contributions. However, a loan does become an initiative contribution if it is forgiven or written off. Additionally, if a loan is given with a preferential interest rate, the benefit derived from that preferential rate is an initiative contribution. A [preferential interest rate](#) is a rate of interest that is less than the prime rate of the principal banker to the Province of British Columbia.

### **Debts**

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If an authorized participant has any debts that remain unpaid for six months after they become due, and no legal proceedings to recover the debt have been commenced by the creditor, the amount of the unpaid debt becomes an initiative contribution and must be reported as such. If the initiative financing report has already been filed, a supplementary report must be filed with Elections BC.

## Recording requirements for contributions

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All contributors are defined by class. The classes of contributors are:

1. individuals,
2. corporations,
3. unincorporated organizations engaged in business or commercial activity (includes sole proprietors and partnerships),
4. trade unions,
5. non-profit organizations, and
6. other contributors.

The financial agent is required to record the following information for each initiative contribution made to the authorized participant, regardless of the value of the contribution:

- the full name and address of the contributor,
- the value of the contribution,
- the date on which the contribution was made,
- the class of the contributor, and
- if the contributor is a numbered corporation or an unincorporated organization, the financial agent is also required to record the full names and addresses of at least two individuals who are directors, principal officers, or principal members of the organization.

For **fundraising events** held by or on behalf of an authorized participant, the financial agent is required to record:

- a description of the function,
- the date of the function, and
- the cost, gross income and net income or loss arising from the function.

In relation to all **anonymous contributions** received, the financial agent must record:

- a description of the function,
- the date of the function,
- the number of people in attendance, and
- the total amount of anonymous contributions received.

# Initiative expenses

## Initiative expenses

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No individual or organization may incur an initiative expense unless they are an authorized participant or a registered initiative advertising sponsor. Unauthorized individuals or organizations that incur initiative expenses may be subject to significant penalties.

For information on becoming a registered initiative advertising sponsor, please see the [Guide to Initiative Communications](#).

An initiative petition expense is the value of property or services used during an initiative petition period to promote or oppose, directly or indirectly, an initiative petition or draft Bill.

An initiative vote expense is the value of property or services used during an initiative vote period to promote or oppose, directly or indirectly, an initiative in relation to an initiative vote.

These definitions mean that anything used in an initiative petition period or initiative vote period is an initiative expense, even if the item was purchased before the initiative petition period or initiative vote period commenced.

### **Example:**

An individual buys 1,000 posters at a cost of \$1 each six months before the initiative vote. During the initiative vote period, only 800 posters are used. The initiative vote expense with respect to the posters is the value of the 800 posters used (i.e. \$800).

Certain expenses are not considered to be initiative expenses. Any goods that an authorized participant who is an individual produces from their own property are excluded from the definition of an initiative expense. This does not apply to individuals who are members of a proponent or opponent group.

Services and property provided by a volunteer, and the goods produced by a volunteer from the property of that individual are not considered initiative expenses.

Volunteers are individuals who voluntarily perform the services and who receive no compensation, directly or indirectly, in relation to the services or the time spent providing the services. This means that employers cannot continue to pay people while they are working as volunteers. If they continue to be paid, they are not volunteers and the value of their services is a contribution from their employer and an initiative expense.

If an individual uses paid vacation time to work on a campaign, they will be considered a volunteer as long as they have not been directed by their employer to provide the services and the employer does not provide any extra vacation or leave.

### **Expenses limits for initiative proponents**

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During an initiative petition or initiative vote, the proponents and proponent groups of the initiative may not exceed the expenses limit established by the *Recall and Initiative Act*. The total value of initiative expenses, which may be incurred by the proponent or proponent group, is calculated according to the number of registered voters on the provincial voters list as of the date on which the petition is issued or initiative vote period begins.

For an initiative petition, the expenses limit for the proponent is \$0.25 per registered voter. For an initiative vote, the total collective expenses limit for all proponents and proponent groups is \$1.52 per registered voter.

The expenses limit is adjusted by the Chief Electoral Officer to reflect changes in the Consumer Price Index.

It is not necessary for a financial agent to calculate the expense limit. This calculation will be done by the Chief Electoral Office and the limit, including any Consumer Price Index adjustments, will be published in the British Columbia Gazette and communicated to financial agents.

### **Expenses limits for initiative opponents**

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Initiative opponents and opponent groups share an equivalent expenses limit collectively to that of the proponents and proponent groups.

The Chief Electoral Officer directly advises the financial agents of the opponent and/or opponent group of their expenses limits and publishes the amount in the British Columbia Gazette.

### **Penalty for exceeding expense limits**

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If the proponents or proponent groups exceed the expenses limit, the initiative petition or initiative vote fails and they must pay to the Chief Electoral Officer a penalty of double the amount by which the expenses exceed the limit. Members of a proponent group are jointly and separately liable to pay the penalty.

If the total initiative petition or initiative vote expenses of an opponent or opponent group exceed their expenses limit, the opponent or members of the opponent group are jointly and separately liable to pay to the Chief Electoral Officer a penalty of 10 times the amount by which the expenses exceed the limit.

### **Expenses not subject to expenses limits**

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Some expenses are not included as initiative petition expenses or initiative vote expenses for the purposes of determining whether an authorized participant has complied with the applicable expenses limit.

The following expenses must be reported, but do not count against the allowable expenses limit:

- fees charged by the Chief Electoral Officer under the *Recall and Initiative Act*,
- costs incurred for producing copies of the petition for gathering signatures,
- legal or accounting services provided to comply with the Act or the Regulations,
- services provided by a financial agent in that capacity,
- expenses incurred in holding a fundraising function if no deficit is incurred,
- interest on a loan for initiative expenses to an authorized participant, and
- the cost of any communication that an authorized participant that is an organization sends exclusively to its members.

Although these expenses do not count against the allowable expenses limit, they are still considered to be initiative expenses, and all other provisions of the Act apply.

### **Additional initiative expense rules**

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All expenditures must be paid from money held in an account established for that purpose in a savings institution.

Other than a registered initiative advertising sponsor, only a financial agent, an assistant financial agent or an individual authorized in writing by a financial agent can incur an initiative expense.

### **Recording expenses**

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The financial agent must make every reasonable effort to ensure that all expenditures greater than \$25 are documented by a statement setting out the particulars of the expenditure (i.e. an invoice or a bill).

The financial agent must also keep track of initiative contributions of property (goods) and services that are used by the authorized participant.



**Example:**

If a printer donates leaflets worth \$1,000 and all of the leaflets are used in an initiative petition or vote period, the financial agent would record an initiative expense of \$1,000, as well as recording that the printer made a \$1,000 contribution. If only half of those leaflets were used, the initiative expense subject to limits would be recorded as \$500 and the remaining \$500 expense will be recorded as other expenses not used during the period. The full \$1,000 would still be reported that the printer made a \$1,000 contribution.

# Initiative petition/initiative vote financing reports

## **Filing initiative financing reports**

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The financial agent is required to file an initiative financing report on behalf of an authorized participant. This report must be filed with the Chief Electoral Officer within 28 days after the end of the initiative period.

An initiative vote financing report must be filed with the Chief Electoral Officer within 90 days after the end of the initiative vote period.

### **Additional requirements for financing reports**

Initiative financing reports must be prepared in accordance with generally accepted accounting principles and must be filed with a signed statement of the financial agent as to its accuracy.

If any of the information required to be contained in a financing report changes, or if an authorized participant should discover that the report did not completely and accurately disclose the required information, a supplementary report must be filed with the Chief Electoral Officer within 14 days for an initiative petition financing report, and within 30 days for an initiative vote financing report, after the financial agent or authorized participant becomes aware of the incompleteness or inaccuracy.

## **Auditing initiative financing reports**

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After examining an initiative financing report, the Chief Electoral Officer may require the report to be audited at the expense of the authorized participant and may establish a time limit by which the financial agent must provide the report to the Chief Electoral Officer.

## **Public inspection of financing reports**

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Initiative financing reports are available for public inspection at the Chief Electoral Office in Victoria during its regular office hours, as well as on our [Financial Reports and Political Contributions System](#). Private information such as contributor addresses will be obscured from public view.

### **Filing a late report**

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If a financial agent fails to file an initiative financing report by the deadline, there is a late filing period. The Act allows the report to be filed up to 30 days after the original deadline if a late filing fee of \$500 is paid to the Chief Electoral Officer.

The late filing fee must be received with the late report and must be in the form of cash, money order or certified cheque payable to the Minister of Finance.

### **Failure to file a report**

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If an initiative financing report for a proponent or proponent group is not filed before the end of the late filing period, the petition or vote automatically fails and the proponent must pay a penalty of \$100 a day after the end of the late filing period until the report is filed.

If an initiative financing report for an opponent or opponent group is not filed before the end of the late filing period, the opponent must pay \$500 a day after the end of the late filing period until the report is filed.

Authorized participants who fail to file initiative financing reports are prohibited from applying for any initiative petition or from acting as a financial agent until the report is filed and the financial penalties are paid.

### **Court order relief from filing obligations**

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An authorized participant may apply to the Supreme Court of B.C. for relief from the obligation to file an initiative financing report. The application must be made before the end of the 30 day late filing period or, if the relief sought is in relation to a supplementary report, within 14 days for an initiative petition or 30 days for an initiative vote after the authorized participant becomes aware of the change, incompleteness or inaccuracy of the report.

### **False or misleading reports**

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It is an offence to file a false or misleading report and if convicted, an individual is liable to a fine of up to \$10,000 and/or imprisonment for up to two years. If a proponent is convicted, the initiative petition or vote fails.





