

An Overview of the Massachusetts Public Finance System

Originally established in 1975, the Commonwealth's program of publicly funding statewide races is one of the oldest in the country. Under the system, candidates for the six constitutional offices – Governor, Lieutenant Governor, Attorney General, Secretary of the Commonwealth, Treasurer and Receiver General, and Auditor – are eligible to receive matching public funds for their campaigns, in return for agreeing to abide by statutory spending limits and raising threshold amounts of “qualifying” contributions.

The spending limits apply to both the primary and general elections. Prior to 1998, matching funds were available to statewide candidates, but without any corresponding limit on spending. The current spending limits vary according to the office sought and are as follows:

	<u>Primary</u>	<u>General</u>	<u>Total Limit</u>
Governor	\$1,500,000	\$1,500,000	\$3,000,000
Lt. Governor	625,000	*	625,000
Attorney General	625,000	625,000	1,250,000
Secretary of State	375,000	375,000	750,000
Treasurer	375,000	375,000	750,000
Auditor	375,000	375,000	750,000

In return for agreeing to limits, candidates who have opposition and who have submitted a minimum amount of qualified contributions are eligible to receive money for both the primary and, if they are successful in the primary, the general election. The amounts for which they are eligible are equal to half of their statutory spending limits:

	<u>Primary</u>	<u>General</u>	<u>Total</u>
Governor	\$ 750,000	\$ 750,000	\$1,500,000
Lt. Governor	312,500	*	312,500
Attorney General	312,500	312,500	625,000
Secretary of State	187,500	187,500	375,000
Treasurer	187,500	187,500	375,000
Auditor	187,500	187,500	375,000

* Because the nominees for governor and lieutenant governor run as a “candidate team” after the primary, they are both included in the gubernatorial candidate's general election spending limit and maximum matching funds amounts.

The money provided to these candidates comes from the State Election Campaign Fund (SECF), funded by an optional \$1 tax check-off on individual state income tax returns. The fund is divided evenly, with 50 percent earmarked for the primary election and 50 percent for the general election. The actual amount that is disbursed to candidates is limited to the amount that is available in the SECF. The law calls for the gubernatorial race to be fully funded first, with any remaining money distributed proportionately in equal amounts to the other remaining candidates.

Participation in the public financing program is voluntary. On or before June 5, 2018, the day nomination papers for statewide office are due with the Secretary of the Commonwealth, all party enrolled candidates must file a statement declaring whether they agree to the spending limits with OCPF. Candidates for statewide office not enrolled in a political party must file this statement on or before August 28, 2018.

If there is only one candidate in a race and that candidate has agreed to spending limits, the candidate is not eligible for matching funds, but is still subject to the spending limit for that race. If there is more than one candidate and all have agreed to limits, they are all bound by the statutory ceiling and all are eligible for matching funds. If a race featuring a participating candidate also includes at least one candidate who declines to participate, however, the non-participating candidate(s) must subsequently file a declaration establishing a self-imposed spending limit. This limit may be set at any amount. The spending limit of all candidates is then raised to the maximum amount stated by any non-participating candidate(s) in that race. The amount of public funds that each participating candidate is eligible to receive, however, does not change.

Example 1: Smith, Jones and Brown are candidates for their party's nomination for governor. All agree to limit spending and are eligible to participate in the public funding system. They are each subject to the individual spending limit of \$1,500,000 in the primary and could receive up to \$750,000 in matching funds (subject to availability).

Example 2: Smith, Jones and Brown are candidates for their party's nomination for governor. Only Smith opts to limit spending and is eligible to participate in the public funding system. As required, Jones and Brown subsequently file their declarations of self-imposed spending limits for the primary: \$2.5 million and \$3.5 million, respectively. All three candidates' spending limits then rise to \$3.5 million. Smith is still eligible to receive a maximum of \$750,000 in matching funds for the primary (subject to availability).

By statute, the name of any candidate who does not file either the statement of whether he or she agrees to spending limits and/or, if applicable, the statement of self-imposed maximum expenditures will not appear on the primary or general election ballot. Candidates are also subject to penalties if they spend more than their self-imposed or statutory limits.

To become eligible to receive public funds, candidates file reports with OCPF listing contributions received that qualify under the matching funds formula, in total amounts depending on the office sought. Qualifying contributions include only the first \$250 of individual contributions received either the year before or the year of the election, deposited into a candidate's depository bank account and are identified and itemized (regardless of amount) on reports filed with OCPF's electronic filing system. Candidates must also obtain a bond for the amount they receive from the SECF and are subject to penalties for misusing public funds. Matching funds are wired into a candidate's designated depository account and, like all campaign receipts and expenditures, are included in the regular disclosure reports filed on behalf of candidates and committees.