



**Public Financing of Election Campaigns:
An Overview**

Updated March 2009

Twenty-five states have programs that provide public funds for use in election campaigns. State public financing programs may be divided into three broad categories: those which provide funds directly to individual candidates, those that provide funds to political parties, and those which provide tax incentive to citizens who make political contributions. Many states operate programs which combine more than one of these categories. Each type is briefly summarized below, and the full array of public financing programs offered by states is detailed in Table 4 (see last page).

States Offering Public Financing to Candidates

A total of 16 states offer public funds to political candidates (see Table 1 below). Candidate public financing programs are always voluntary, and public funds are provided to candidates on the condition that those who elect to receive public funds must limit their campaign spending. In a few states, the campaigns of candidates who choose to participate in public financing programs are financed solely with public funds; these candidates are prohibited from raising funds from private sources. This version of public financing is relatively new, and is commonly called "Clean Elections" public financing (a term coined by its proponents, but widely used in general to describe these programs). In most states, public funds make up just part of a participating candidate's expenditures, and candidates continue to raise and spend funds from private sources within the limits stipulated by law.

Table 1. Candidate Public Financing Programs			
State	Candidates Eligible	Type of Program	Full/Partial Funding
Arizona	All statewide offices Legislature	"Clean Elections"	Full
Connecticut ^a	All statewide offices Legislature	"Clean Elections"	Full
Florida	Governor Cabinet members	Matching grants	Partial
Hawaii	Governor Lt. Governor Off. Hawaiian Affairs	Matching grants	Partial
Maine	Governor Legislature	"Clean Elections"	Full
Maryland	Governor Lt. Governor	Matching grants	Partial
Massachusetts	All statewide offices	Matching grants	Partial
Michigan	Governor	Matching grants & fixed subsidy	Partial
Minnesota	All statewide offices Legislature	Fixed subsidy	Partial
Nebraska ^b	All statewide offices Legislature	Matching grants	Partial

Source: National Conference of State Legislatures
May 2007

For more information, contact Jennie Drage Bowser at 303-364-7700.

Table 1. Candidate Public Financing Programs (cont'd)			
State	Candidates Eligible	Type of Program	Full/Partial Funding
New Jersey	Governor	Matching grants	Partial
	Select legislative districts	"Clean Elections"	Full
New Mexico	Public Regulation Commission Statewide judicial offices	"Clean Elections"	Full
North Carolina	Judicial offices Auditor Superintendent of Public Instruction Insurance Commissioner	"Clean Elections"	Full
Rhode Island	All statewide offices	Matching grants	Partial
Vermont	Governor Lt. Governor	"Clean Elections"	Full
Wisconsin	All statewide offices State Supreme Court Legislature	Fixed subsidy	Partial

Source: National Conference of State Legislatures, 2007

- (a) Connecticut's public financing program took effect with the 2008 election for legislative candidates, and will take effect with the 2010 election for gubernatorial candidates.
- (b) Nebraska's public financing provides matching funds to a candidate who adheres to the voluntary spending limits only if that candidate's opponent does not.

States Offering Public Funds to Political Parties

Ten states provide grants to qualified political parties (see Table 2 below). These grants are generally not large, and are often used to help finance party conventions. The grants are funded by income tax check-offs (does not increase filer's tax liability) or add-ons (increases filer's tax liability), ranging in amounts from \$1 to \$25. In most states, the amount is between \$1 and \$5. In eight states, the full amount of the add-on or check-off goes to the political party designated by the taxpayer. In most states, if the taxpayer fails to designate a political party, the amount is divided among the qualified political parties in the state according to their registration or their share of the most recent gubernatorial vote.

Table 2. Public Grants to Political Parties		
State	Funding Source	Grants to
Arizona	\$2, \$5, or \$10 add-on	To political party specified by taxpayer
Idaho	\$1 check-off	To political party specified by taxpayer
Iowa	\$1.50 check-off ^a	To political party specified by taxpayer
Minnesota	\$5 check-off ^a	To political party specified by taxpayer
New Mexico	\$2 add-on ^a	To political party specified by taxpayer
North Carolina	\$1 check-off ^a	To political party specified by taxpayer
Ohio	\$1 check-off ^a	Divided equally among qualified parties
Rhode Island	\$5 check-off	First \$2 to political party specified by taxpayer; remaining \$3 to candidate fund
Utah	\$2 check-off	To political party specified by taxpayer
Virginia	\$25 add-on ^a	To political party specified by taxpayer

(a) Amount may be doubled on joint returns.

Source: National Conference of State Legislatures
March 2009

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States Offering Public Funds through Tax Incentives to Citizens

Ten states offer tax incentives to encourage citizens to make political contributions (see Table 3 below). In Arizona, an income tax credit of up to \$640 or 20% of the tax amount (whichever is higher) may be claimed for contributions to the Clean Elections Fund. Minnesota will issue a refund of up to \$50 for contributions to political parties and candidates who agree to abide by spending limits. In the other eight states, credits or deductions are available for contributions to candidates, and in some states, to political parties and/or PACs. In some cases, the contribution must be made to a candidate who has agreed to abide by spending limits in order for the taxpayer to receive the deduction or credit. The amount of the deduction or credit available ranges from \$25 to \$500; in most states, the limit is \$50. This amount may be doubled for joint returns in most states.

Table 3. Tax Refunds, Credits and Deductions for Political Contributions	
State	Description
Arizona	Income tax credit of up to \$640 (adjusted 2009 amount) or 20% of tax amount, whichever is higher, for voluntary donations to the Clean Elections Fund
Arkansas	\$50 ^a credit against state income taxes allowed for contributions to candidates, PACs and parties
Hawaii	\$500 income tax deduction for contributions of \$100 or less to candidates who agree to adhere to spending limits or to a party central or county committee
Minnesota	\$50 per year refund for contributions to political parties and candidates who agree to spending limits
Montana	\$100 ^a per year income tax deduction for political contributions
North Carolina	\$25 per year income tax deduction for contributions to candidates and newsletter funds
Ohio	\$50 ^a credit against state income taxes owed for contributions to candidates
Oklahoma	\$100 per year income tax deduction for contributions to a candidate or political party
Oregon	Income tax credit equal to the lesser of \$50 ^a or the tax liability of the taxpayer for contributions to major or minor parties, party committees, candidates who agree to spending limits, political committees organized and operated exclusively to support or oppose ballot measures or questions to be voted upon within the state
Virginia	Income tax credit equal to 50% of the amount contributed to a local or state candidate. Maximum credit \$25 ^a

(a) amount may be doubled for joint returns

Source: National Conference of State Legislatures
March 2009

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Table 4. Overview of State Public Financing Programs

	Funds to Candidates				Funds to Parties	Tax Refund, Credit or Deduction to Donors
	Partial Public Financing		Full Public Financing ("Clean Elections")			
	Statewide	Legislative	Statewide	Legislative		
Arizona			X	X	X	X
Arkansas						X
Connecticut ^a			X	X		
Florida	X					
Hawaii	X	X				X
Idaho					X	
Iowa					X	
Maine			X	X		
Maryland	X					
Mass.	X					
Michigan	X					
Minnesota	X	X			X	X
Montana						X
Nebraska	X	X				
New Jersey ^b	X			X		
New Mexico ^c			X		X	
N. Carolina ^d			X		X	X
Ohio					X	X
Oklahoma						X
Oregon						X
Rhode Island	X				X	
Utah					X	
Vermont			X			
Virginia					X	X
Wisconsin	X	X				
25 TOTAL	10 States	4 States	6 States	4 States	10 States	10 States

Source: National Conference of State Legislatures, March 2009

- (a) Connecticut's program took effect in 2008 for legislative offices and will take effect in 2010 for statewide offices.
- (b) New Jersey has operated a limited "Clean Elections" pilot program for candidates in selected legislative districts since 2005. It has been temporarily suspended for 2009 due to budget constraints.
- (c) New Mexico's program is offered only for candidates for the Public Regulation Commission and statewide judicial offices. It first took effect in 2006 for PRC candidates, and was passed in 2007 for judicial candidates. The effective date for judicial candidates is unclear at this time.
- (d) North Carolina's "Clean Elections" funding program was originally available to judicial candidates only. It was expanded in 2008 to include candidates for Auditor, Superintendent of Public Instruction, and Insurance Commissioner.

Source: National Conference of State Legislatures
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