

# Developers, big money the problem in municipal elections – not nonprofits

Ontario's proposed Municipal Elections Modernization Act casts too wide a net and has serious unintended consequences for small organizations.

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**T**his spring, democracy advocates are celebrating as the [Municipal Elections Modernization Act](#), or Bill 181, makes its way through the Ontario Legislature. If passed, the legislation would enable municipal councils to be elected by ranked ballot. The bill would also make a number of changes to how municipal election campaigns are financed. For one, municipalities would be empowered to place an outright ban on corporate and union donations. Such changes respond to legitimate concerns (confirmed by the work of [Campaign Fairness Ontario](#)) about the influence that deep-pocketed campaigns can have on electoral outcomes.

In this same spirit of transparency, Bill 181 would also introduce new regulations for third-party advertising during six-month municipal campaigns. Such safeguards are already in place at other levels of government to ensure that significant third parties (like corporations, unions, or large advocacy groups) report their spending and do not exceed certain limits during elections.

The trouble is, Bill 181's current municipal election financing provisions cast too wide a net and have some serious unintended consequences for nonprofits and for the non-partisan communications branches of community organizations.

For starters, the bill applies not just to business corporations and unions, but any incorporated nonprofit, no matter how small, including your local food bank, child care centre, or arts group.

Second, the definition of “third-party advertising” in Bill 181 is so broad that it encompasses not just messages for or against a candidate, but any public policy issue that comes up in an election. Nonprofits that encourage community members to think about public transit, arts funding, public parks or local services could fall under this definition of election advertising.

Third, the definition of advertising costs under Bill 181 includes anything with a price tag, no matter how small or indirect the cost. Even updates to a website during the campaign period makes an organization a “third-party advertiser” under the bill as long as it paid for the web-hosting.

For many small nonprofits and community groups, the burden to participate in the public conversation during a six-month municipal election period would be too great under these new rules. Not only would nonprofits be required to register as third-party advertisers under Bill 181, they would have to open a special bank account, track donations that support their public policy work during an election campaign (as distinct from donations made for other purposes), file financial statements for these donations and election-related expenses with the clerk of the municipality, and risk incurring fines if any of this is done improperly.

If the concern is to get big money out of politics, other jurisdictions have found better ways to do this. At the federal level for example, Elections Canada permits third parties to spend up to a certain threshold during each election without registering and reporting.

Borrowing on this practice, Bill 181 should be amended to establish a \$1000 “nonpartisan small spender” cap that would allow small nonprofits and community groups to maintain their websites, engage in social media debates, and mobilize around local issues using techniques such as flyers and town halls, without having to register as “third party advertisers.”

**T**his change isn’t just about reducing the burden on small nonprofits – it’s fundamentally about maintaining the conditions necessary for a vibrant democracy in Ontario.

Nonprofits and community groups play a significant role in fostering democratic engagement among citizens. Critically, nonprofits are trusted by citizens – more so than media, corporations or government according to Environics Communications’ [CanTrust Index](#) released last month.

For our democracy to be relevant to Canadians, we need to recognize the value of local nonpartisan efforts that are so often led by nonprofits, which bring attention to issues that matter to communities and encourage citizens to get out and vote. With some simple, but key amendments, Bill 181 can recognize this reality, rather than unnecessarily restricting small nonprofits in their engagement efforts during elections.

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