

GUIDELINES FOR USING CROWDFUNDING FOR PROVINCIAL POLITICAL FUNDRAISING

Purpose:

These guidelines provide information for financial agents appointed under the *Election Act* about the use of crowdfunding as a way of collecting political contributions. These guidelines are not intended to constitute a binding statement of how the Chief Electoral Officer will exercise discretion in every matter, and to the extent that any conflict exists between these guidelines and the *Election Act*, the *Election Act* will prevail.

Discussion:

Part 10 of the *Election Act* establishes the election financing provisions for provincial elections in British Columbia. These provisions include rules on making, accepting, recording and reporting political contributions.

A political contribution is defined by section 180 of the *Election Act* and includes an amount of money provided without compensation to a candidate, political party, constituency association, nomination contestant or leadership contestant.

Crowdfunding, or crowdsourcing, is a method of fundraising that involves collecting money from a large number of people, typically through the Internet. Many websites provide a platform for individuals or organizations to create a crowdfunding campaign.

If all of the applicable provisions in the *Election Act* regarding the acceptance of political contributions are met, it is permissible to use crowdfunding to collect political contributions.

Guidelines:

To accept political contributions through a crowdfunding website, a financial agent must ensure that the website collects, and transmits to the financial agent, the following information about every political contribution, regardless of the dollar value of the contribution:

- the value of the contribution
- the date the contribution was made
- the full name and address of the contributor
- the class of the contributor¹
- if the contributor is a numbered corporation or an unincorporated organization (most class 3-6 contributors), the full names and addresses of at least two directors of the organization

Contributions through the Internet may only be made by a credit card in the name of the contributor or by an electronic transfer from a savings institution account in the contributor's name. It is not permissible to use someone else's money or credit card to make a political contribution.

Anonymous political contributions made over the Internet, whether through a traditional website, a service such as PayPal or a crowdfunding website, are not permitted.

Some crowdfunding services provide the ability to offer thank you gifts for contributions. Since political contributions under the *Election Act* are made *without compensation*, it is not acceptable to offer gifts to contributors in return for their contributions.

¹ The classes of contributors are: 1 - Individual, 2 - Corporation, 3 - Unincorporated business/commercial organization, 4 - Trade union, 5 - Non-profit organization, 6 - Other

Promotional materials can be offered through a crowdfunding platform, but they must be offered for sale; they cannot be provided in return for a political contribution. Promotional materials sold through a crowdfunding platform can be sold at or above market value. If sold above market value, the difference between the amount paid and the market value is a political contribution. If a sale results in a political contribution, the financial agent must ensure all required political contribution information is collected for every transaction.

For reporting purposes, the full value of each political contribution must be reported. If a fee is charged for crowdfunding services, this amount must be reported as a separate expense rather than deducted from the value of the contribution.

For more information
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