



## **The Small Donor Matching Funds System In The Freedom To Vote Act**

The Freedom to Vote Act (S. 2747), introduced on September 14, 2021, includes for House candidates a voluntary, small donor matching funds system. The Act is a revised version of S. 1.

The small donor system in S. 2747 mirrors the substance of the small donor matching funds system contained in H.R. 1/S. 1 and uses the same approach for raising the funds to finance the system. The administration of the system, however, is different from H.R. 1/S. 1 and builds on Justice Louis Brandeis' idea of the states as laboratories for democracy.

Under the system, House candidates who qualify by raising a threshold number and dollar amount of small contributions will be eligible to receive for both the primary election and general election a 6-to-1 match on contributions of up to \$200 per donor.

In return, a candidate must agree to limit the contributions they raise to no more than \$1,000 per individual, per election, and to use the voluntary system for both the primary election and general election. No contribution that exceeds \$200 is eligible for matching. There is a cap on how much a candidate can receive in matching funds.

The funding for the matching funds system will come entirely from a small surcharge imposed on certain fines, penalties, and settlements paid to the federal government by corporations and corporate executive lawbreakers, and by wealthy tax cheats.

The funds raised by the surcharge will go to a new "State Election Assistance and Innovation Trust Fund" (Trust Fund) that will be administered by the Director of a new Executive Branch entity, the "Office of State Democracy Promotion." Each state will receive an allocation of funds from the Trust Fund based on the number of congressional districts in the state.

These funds can be used by a state for three program categories to promote democracy that include: improving election administration, increasing access to voting, and financing a small donor financing system for House candidates.

The decision on how to allocate the funds received by a state among these program categories is made by the Secretary of State, or the state's Chief Election Officer if there is no Secretary of State. Thus, these officials are authorized in each state to determine how much of a state's allocation will be spent on the small donor financing system.

S. 2747 was developed under the leadership of Senate Majority Leader Chuck Schumer (D-NY), and by Senators Amy Klobuchar (D-MN), its lead sponsor, Joe Manchin (D-WV), who engineered this compromise bill, Jeff Merkley (D-OR), the lead sponsor of S. 1, Reverend Raphael Warnock (D-GA), Tim Kaine (D-VA), Angus King (I-ME), Alex Padilla (D-CA), and Jon Tester (D-MT).

*Prepared: September 17, 2021*