Eligibility of durable goods

Reference: Act respecting elections and referendums in municipalities (CQLR, c. E-2.2)

PURPOSE
To introduce the concept of durable goods as election expenses and to prescribe the basis on which official agents must distribute the cost of such assets when filing a return of election expenses.

DURABLE GOODS
This directive applies to all durable goods (excluding money and advertising material) acquired and used during the election period, but whose normal length of use extends well beyond the election period. Here are some examples:

- office equipment: computers, fax machines, telephones, cell phones, etc.
- office furniture: tables, chairs, lamps, etc.
- clothing

ELIGIBLE EXPENSES
In the return of election expenses, the official agent is required to report an amount corresponding to the lesser of 50% of the durable good's acquisition cost or the estimated cost of renting a similar asset for the same specific period.

For the purposes of applying this directive, the estimated rental cost of a similar asset is determined based on the lowest retail price at which such an asset is offered to the public in the normal course of business, according to regional market conditions at the time it is supplied for election purposes.

DISCLOSURE IN THE RETURN OF ELECTION EXPENSES
If the acquisition cost of any durable goods is paid entirely by the election fund put at the disposal of the official agent, he or she is required to report an amount equal to the eligible expense as an election expense and to report the non-eligible portion of the cost as an amount not included in election expenses.
Similarly, if the acquisition cost is paid in whole or in part by the official representative of a political party, the party’s official agent is only required to report the eligible amount as an election expense.

This amount should correspond to the eligible cost reimbursed to the official representative by the official agent out of the election fund.

Also, when the official agent of a political party uses a durable good acquired by the official representative of the party before the start of the election period, the official representative must invoice the official agent for the rental cost of such property, based on its market price at the time it is provided for election purposes.

It should be noted that when his or her authorization expires, an independent candidate must remit the asset to the municipality. However, he or she could decide to have it sold. Thus, the candidate or a third party could purchase the asset for an amount equivalent to that indicated in the column titled “Amount not included in election expenses.” The money from the sale should then be deposited in the election fund. This deposited amount could be used to pay the candidate’s outstanding debts. In cases where the candidate has no outstanding debts, the amount will be treated as an election fund surplus that must be remitted to the treasurer of the municipality, who will deposit it into the general fund of the municipality.

For example:

Context

A candidate wishes to use a computer to produce advertising for his election campaign. He has the choice of either buying a computer or renting one. The acquisition cost is $2,500 and, based on information from a supplier, the rental cost for the duration of the election period would be $1,000.

He decides to buy the computer.

Eligible expense:

The amount considered an eligible expense is $1,000. Indeed, the rental cost is less, since the 50% of the acquisition cost is equal to $1,250.

Entering the amount in the return of election expenses:

In this case, the official agent would have to enter $1,000 in election expenses (“Goods and services” category) and $1,500 as an amount not included in election expenses (the acquisition cost of $2,500 minus the rental cost of $1,000).
Disposing of the asset when authorization expires:

After submitting all required reports, the representative and official agent of the authorized independent candidate must remit the computer to the municipality. If the candidate prefers to buy the computer for himself or sell it to a third party, the transaction must be for the amount entered as an amount not included in election expenses. In this case, that amount would be $1,500. This amount should then be deposited into the election fund and may be used to pay any outstanding debts the candidate may have. If the candidate has no outstanding debts, the $1,500 should be treated as a surplus and remitted to the municipality.