

Department of Legislative Services
 Maryland General Assembly
 2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 775

(Delegate Frick)

Ways and Means

Education, Health, and Environmental Affairs

Inaugural Committees - Donations and Disbursements - Disclosure

This bill requires, if the inaugural festivities of the Governor and Lieutenant Governor are financed with private donations (including in-kind donations), that the private donations be received by or on behalf of an “inaugural committee” and disclosed by the inaugural committee in accordance with specified requirements. The bill establishes requirements governing the establishment and activities of inaugural committees, including reporting requirements.

Fiscal Summary

State Effect: General fund expenditures increase by \$4,000 in FY 2017 for one-time programming costs. Special fund revenues may increase minimally due to collection of late filing fees and by an undetermined amount due to any inaugural committee contributions to the Fair Campaign Financing Fund.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
SF Revenue	\$0	\$0	\$0	-	-
GF Expenditure	\$0	\$4,000	\$0	\$0	\$0
Net Effect	\$0	(\$4,000)	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: An inaugural committee may not receive or disburse money or any other thing of value unless it files a statement of organization with the State Board of Elections (SBE) that includes the appointment of a treasurer and any other information SBE requires. The treasurer must maintain detailed and accurate records of all donations received and disbursements made by or on behalf of the inaugural committee. All monetary donations received must be deposited in a designated bank account and all disbursements must be made from the designated bank account. The treasurer must file reports, in an electronic format, on specified dates during and after the inauguration year, that include information required by SBE with respect to all donations received and disbursements made during the reporting period. SBE must make the reports publicly available on the Internet. A late filing fee of \$10 per day or part of a day, up to a maximum of \$500, applies for a failure to properly file a report or an amended report (if there are deficiencies in a filed report). Relief from a late filing fee may be sought for just cause. Late filing fees are distributed to the Fair Campaign Financing Fund.

An inaugural committee is prohibited from making a contribution to a political committee, an independent expenditure, a disbursement for an electioneering communication, or a disbursement for any purpose other than financing the inaugural festivities of the Governor and Lieutenant Governor.

An inaugural committee must terminate and file a final report within one year of the later of (1) the end of the Governor and Lieutenant Governor's most recent term of office or (2) the payment of the final debt or other obligation of the inaugural committee. Before filing a final report, an inaugural committee must pay all outstanding obligations and dispose of all its remaining assets by (1) returning the remaining balance in the account of the inaugural committee to the donors on a pro rata basis or (2) contributing the remaining balance in the account to a charitable organization or the Fair Campaign Financing Fund.

Current Law/Background: Inaugural committees are not addressed in statute. SBE, however, has issued guidance on inaugural committees, indicating that they are not defined as campaign finance entities or subject to registration with SBE. The sole purpose of their activities is to celebrate the swearing in of a newly elected official and not campaign activity. A campaign finance entity, which is regulated by SBE and must report information on contributions it receives and the contributors, is defined as a combination of two or more individuals that has as its major purpose promoting the success or defeat of a candidate, political party, or ballot question.

The Fair Campaign Financing Fund holds funding for public campaign financing of gubernatorial tickets under the Public Financing Act.

State Expenditures: General fund expenditures increase by \$4,000 in fiscal 2017 for one-time computer programming by SBE to incorporate reporting by inaugural committees in the State's online campaign finance reporting system. It is assumed the expenditure increase occurs in fiscal 2017, since the changes do not need to be in place right away, but nonetheless in advance of the 2018 gubernatorial elections.

State Revenues: Special fund revenues to the Fair Campaign Financing Fund may increase minimally due to collection of late filing fees and potentially more significantly due to contributions resulting from the disposition of an inaugural committee's remaining assets prior to filing a final report.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Board of Elections, Department of Legislative Services

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