

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1321 (Delegates Walker and Buckel)
Ways and Means

Campaign Finance - Prohibition of Video Lottery Contributions - Repeal

This bill repeals a prohibition against an applicant for, or a holder of, a video lottery operation license, or a person who owns an interest in the operation of a video lottery facility in the State, making a contribution, directly or indirectly, to (1) the campaign finance entity of a candidate for any nonfederal public office in the State or (2) any other campaign finance entity organized in support of a candidate for any nonfederal public office in the State.

Fiscal Summary

State Effect: The bill is not expected to materially affect State finances.

Local Effect: The bill is not expected to materially affect local government finances.

Small Business Effect: None.

Analysis

Current Law/Background:

Campaign Finance Entities and Contributions

Unless otherwise expressly authorized by law, all campaign finance activity for an election under the Election Law Article of the Annotated Code must be conducted through a campaign finance entity (defined as a political committee established under Title 13 of the Election Law Article). An individual may not file a certificate of candidacy or a declaration of intent until the individual establishes, or causes to be established, an authorized

candidate campaign committee (a campaign finance entity authorized by the candidate to promote the candidate's candidacy).

Generally, a person may not make, either directly or indirectly, aggregate contributions of more than \$6,000 to any one campaign finance entity in a four-year election cycle. Contributions by two or more business entities are considered as being made by one contributor if (1) one business entity is a wholly owned subsidiary of another or (2) the business entities are owned or controlled by at least 80% of the same individuals or business entities. "Business entity" includes a corporation, a sole proprietorship, a general partnership, a limited partnership, an LLC, a real estate investment trust, or other entity.

The contribution limit does not apply to contributions to ballot issue committees (campaign finance entities formed to promote the success or defeat of a ballot question or prospective ballot question).

Video Lottery Contribution Prohibition

Under State campaign finance law, an applicant for, or holder of, a video lottery operation license under Title 9, Subtitle 1A ("Video Lottery Terminals") of the State Government Article, or a person who owns an interest in the operation of a video lottery facility (under Subtitle 1A) in this State, may not, directly or indirectly, make a contribution to (1) the campaign finance entity of a candidate for any nonfederal public office in the State or (2) any other campaign finance entity organized in support of a candidate for any nonfederal public office in the State. "Own" means having a beneficial or proprietary interest of at least 5% in the property or business of an applicant or licensee. This prohibition was enacted under Chapter 1 of the second special session of 2012, which expanded commercial gaming in the State.

State Board of Elections regulations establish that a person may not make any contributions to a political committee organized in support of a nonfederal candidate for the rest of the election cycle once that person holds or controls at least a 5% interest in a property or business that is an applicant for, or holder of, a video lottery operation license. If the person is a corporation, any wholly owned corporations or other corporations owned by identical shareholders of the person may not make any contributions to a political committee organized in support of a nonfederal candidate for the rest of the election cycle. If the person is an individual, the prohibition does not apply to any legal entity owned or controlled by that individual if the legal entity (1) is organized for legitimate business purposes unrelated to gaming and (2) does not have a direct interest or ownership in the property or business of an applicant or holder of a video lottery operation license.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Board of Elections; State Ethics Commission; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2019
an/hlb

Analysis by: Scott D. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510