

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 535

(Senators Lam and Guzzone)

Education, Health, and Environmental Affairs

Ways and Means

Election Law - Local Public Campaign Financing - Boards of Education

This bill expands the offices for which the governing body of a county may establish a system of public campaign financing to include an elected member of the county board of education, subject to specified conditions. The bill also requires that a public campaign financing system enacted by a county provide funds and staffing for the system.

Fiscal Summary

State Effect: General fund expenditures may decrease by at least \$100,000 annually, beginning in FY 2021. Revenues are not affected.

Local Effect: Local government expenditures increase. In Montgomery County, for example, expenditures increase by \$50,000 in FY 2021, \$192,000 in FY 2022 and 2023, and by \$100,000 in FY 2024 for staffing of its existing program. To the extent counties establish board of education public campaign financing, county expenditures increase by a significant amount. Revenues are not directly affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Public Campaign Financing for an Elected Member of the Board of Education

The bill expands the offices for which the governing body of a county may establish a system of public campaign financing to include an elected member of the county board of education. A system of public campaign financing for the office of an elected member of the county board of education may not include public campaign financing for the election of a student member of the county board of education.

If the governing body of a county establishes a system of public campaign financing for elective offices in the executive and legislative branches of county government and an elected member of the county board of education, the governing body of the county must implement public campaign financing for only the elective offices in the executive and legislative branches of the county government for one full election cycle before implementing public campaign financing for an elected member of the county board of education.

Funding and Staffing of a Public Campaign Financing System

The bill requires that a public campaign financing system enacted by a county provide the funds and staffing essential for the operation, administration, and auditing of the system.

Current Law: Pursuant to Chapter 419 of 2013, the governing body of a county may establish, by law, a system of public campaign financing for elective offices in the executive and legislative branches of county government. When establishing such a system, the governing body of a county must specify the criteria for determining whether an individual is eligible for public campaign financing. Various requirements apply to a system established by a governing body of a county, including that it must (1) be strictly voluntary; (2) not regulate candidates who choose not to participate in public campaign financing; and (3) be subject to regulation and oversight by the State Board of Elections (SBE) to ensure conformity with State law and policy to the extent practicable.

Background: Montgomery County, Howard County, and Prince George's County have enacted, in 2014, 2017, and 2018, respectively, local laws establishing public campaign financing systems for county executive and county council offices, under the authority provided in Chapter 419 of 2013. Montgomery County's system was in effect for the 2018 elections, Howard County's system will first be in effect for the 2022 elections, and Prince George's County's system will first be in effect for the 2026 elections. In addition,

Baltimore City voters approved a charter amendment during the November 2018 election authorizing the mayor and city council to establish a public campaign financing program.

State Fiscal Effect: General fund expenditures may decrease by at least \$100,000 annually, beginning in fiscal 2021, reflecting the cost of two employees that SBE will not have to hire to help administer the public campaign financing programs in Montgomery and Howard counties for the 2022 elections if the bill is enacted. SBE helped to administer the Montgomery County program during the 2018 elections, but the responsibilities stretched beyond the capacity of existing staff. If SBE, in the absence of the bill, needs to continue to provide the same amount of support to both the Montgomery County and Howard County programs for the 2022 elections, additional staff are expected to be needed, one for each program. SBE adopted regulations in February 2018 which shifted a certain amount of the responsibility for administering county public campaign financing programs to the counties, but at least some uncertainty remains about how much of the administration of the public campaign financing programs the counties are responsible for as opposed to SBE.

Local Fiscal Effect: Local government expenditures increase for counties that have or will enact public campaign financing programs. Montgomery County, for example, expects county expenditures to increase by \$50,000 in fiscal 2021, \$192,000 in fiscal 2022 and 2023, and \$100,000 in fiscal 2024, reflecting the cost of a program manager beginning half-way through fiscal 2021 and a temporary fiscal analyst being hired for fiscal 2022 and 2023. Currently, a manager administers the operations of the county public campaign financing program along with other duties, but under the bill, additional staff are needed to perform, among other tasks, the review, approval, and auditing of qualifying participating candidates as well as the validation of candidate contributions and expenditures during the election cycle.

To the extent a county uses the authority in the bill to provide public campaign financing to candidates for members of the board of education, county expenditures increase by a significant amount to provide the public funding distributed to participating candidates and for any increased administrative costs associated with administering the program for those candidates.

A total of \$5.2 million (net of returned funds) was spent by Montgomery County in the 2018 elections for distributions to county executive and county council candidates.

Small Business Effect: To the extent the bill results in additional campaign spending that otherwise would not occur, small businesses providing campaign consulting services and materials may meaningfully benefit.

Additional Information

Prior Introductions: None.

Cross File: HB 147 (Delegate Moon, *et al.*) - Ways and Means.

Information Source(s): State Board of Elections; Baltimore City; Montgomery and Worcester counties; Department of Legislative Services

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