

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Third Reader

House Bill 1352

(Delegate Smith)

Ways and Means

Education, Health, and Environmental Affairs

Campaign Finance Reports - Business Contributors - Registration Status

This bill requires the State Department of Assessments and Taxation (SDAT) to electronically transmit to the State Board of Elections (SBE) lists of businesses that are registered with the department and those that have forfeited their registration. SBE must use the information to identify and compile contributions made by those businesses and use the compiled data to audit and investigate business contributions. **The bill takes effect June 1, 2021.**

Fiscal Summary

State Effect: General fund expenditures increase by \$126,300 in FY 2022; future years reflect annualization and ongoing costs. Revenues are not affected.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	126,300	71,600	73,800	76,400	79,100
Net Effect	(\$126,300)	(\$71,600)	(\$73,800)	(\$76,400)	(\$79,100)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires SDAT – by January 15 each year – to electronically transmit to SBE, in a manner and format specified jointly by SDAT and SBE, (1) a list of all businesses that are registered with the department on the date of the transmission and

(2) a list of all businesses that forfeited their registrations with the department during the immediately preceding calendar year. Within 24 hours after processing a filing for revival or reinstatement of the registration of a business, SDAT must electronically transmit the name of the business to SBE.

SBE must use the information transmitted by SDAT to identify and compile contributions made by businesses that (1) have forfeited their registrations with SDAT or (2) are registered with SDAT and have not forfeited their registrations. SBE must use the compiled data to audit and investigate business contributions reported on campaign finance reports. The compiled data is not subject to inspection under the Public Information Act.

Current Law:

Campaign Finance Reports

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). For each election in which a campaign finance entity participates, it generally must file campaign finance reports at various times prior to and after the primary and general elections, as well as an annual report. The reports must contain information required by SBE with respect to all contributions received and all expenditures made by or on behalf of the campaign finance entity during a reporting period.

Business Registration with the State Department of Assessments and Taxation

SDAT serves as custodian of documents relating to the organization and ownership of many types of business entities that are required to file documents with the State, including charters for Maryland corporations and qualifications and registrations for foreign corporations.

State Fiscal Effect: General fund expenditures increase by \$126,324 in fiscal 2022, which accounts for a 120-day start-up delay. This estimate reflects the cost of (1) programming changes for SDAT to be able to transmit to SBE the names of businesses, which have filed for revival or reinstatement, within 24 hours of a filing being processed; (2) programming changes in SBE's campaign finance reporting system necessary to use the information transmitted by SDAT to produce reports that identify contributions made by registered businesses and businesses that have forfeited their registration; and (3) an investigator hired by SBE to use that information to investigate whether businesses that made contributions

were legal entities at the time of the contributions. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1
Salaries and Fringe Benefits	\$55,743
Programming Changes	65,000
Operating Expenses	<u>5,581</u>
Total FY 2022 State Expenditures	\$126,324

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

Additional Information

Prior Introductions: HB 437 of 2020 passed the House with amendments and was referred to the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): State Department of Assessments and Taxation; State Board of Elections; Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2021
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