

February 6, 2020

**Testimony on HB 437
Campaign Finance Reports - Business Contributors - Registration Status
Ways and Means**

Position: Favorable

Common Cause Maryland supports HB 437 which would help easily identify suspicious donations from businesses in our elections.

Until there is a better way to fund our campaigns, like the public funding systems available in jurisdictions like Montgomery, Howard, and Prince George's County as well as Baltimore City, candidates and their donors are enticed to use all means that are available to build competitive campaigns.

In our 2017 report¹ analyzing what candidates were spending and where their contributions were coming from in 2016, we found that donors were either exploiting loopholes in Maryland's campaign finance law—or violating it altogether. Even though legislation in 2013 treating LLCs as single entities was widely expected to decrease their expenditures, LLC spending in campaigns continue to grow. We remain concerned that LLCs that share common ownership or control are not obeying the law and continue to donate above the legal limits; and that individuals are creating fake LLCs for the intent of making campaign donations, which is strictly illegal under campaign finance law.

While HB 437 would not end this special interest activity, it would bring attention to these types of contributions and the candidates receiving them. Requiring the State Department of Assessments and Taxations to electronically transmit a list of businesses that are registered with the department or forfeited their registration to the State Board of Elections who will then share with all active campaign finance entities who must identify contributions from those businesses in their campaign finance reports would allow regulators to quickly and easily flag suspicious donations from LLCs. Cross-referencing the two databases would allow suspect donations – such as those incorrectly reported, or those from fake LLCs – to be quickly and easily discovered.

HB 437 is a step in the direction of Maryland closing loopholes that let wealthy donors further abuse campaign limits and we recommend a favorable report.

¹ Analyzing the 2016 Baltimore City Elections: What the Candidates Spent and Where It Came From, August 14, 2017. Available at <http://www.commoncause.org/states/maryland/research-and-reports/analyzing-the-2016-baltimore.pdf>