

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 711 (Senator Van Hollen, *et al.*)
Economic and Environmental Affairs

Campaign Finance Reform Act

This bill changes the limits on contributions that may be made by an individual, association, unincorporated association, corporation, or any other entity to candidates or political committees.

In addition, the bill prohibits a candidate or a candidate's committee from receiving transfers from political action committees that, in aggregate, exceed 20% of the candidate's aggregate contributions and transfers received from all persons before each election.

Fiscal Summary

State Effect: Potential minimal increase in general fund expenditures due to the hiring of additional contractual employees to review campaign finance reports. Potential minimal increase in general fund revenues and expenditures due to the applicable penalties.

Local Effect: Potential minimal increase in expenditures due to the applicable penalties. No effect on revenues.

Small Business Effect: Minimal effect on small businesses as discussed below.

Fiscal Analysis

Bill Summary: For a statewide office, campaign contributions by an individual or entity cannot exceed \$4,000 to any candidate or political committee. For any other office, contributions cannot exceed \$2,000. Currently, these limits are \$4,000 to any candidate or political committee. The new limits only apply to transfers and contributions received on or after October 1, 1997.

The bill also changes the limits on transfers between treasurers of political committees or candidates. For statewide office, transfers cannot exceed \$6,000. For any other office,

transfers cannot exceed \$2,000. The current limits are \$6,000.

A candidate or a candidate's committee is prohibited from receiving transfers from political action committees that, in aggregate, exceed 20% of the candidate's aggregate contributions and transfers received from all persons before each election. Compliance is based upon the final election report submitted before the primary election and the general election. If these transfers exceed 20% and the excess is at least \$500, a candidate is subject to a civil penalty equal to twice the amount of the funds exceeding \$500. The State Administrative Board of Election Laws (SABEL), represented by the State Prosecutor, may pursue a civil action for any violation. These provisions are effective January 1, 1999 and apply to transfers and contributions received on or after January 1, 1999. The limit does not apply until January 1, 2000 for any election held in calendar 1999.

State Expenditures: SABEL does not regularly review the existing campaign finance reports for possible campaign contribution violations. The bill changes several campaign contribution limitations, and creates a new limitation for transfers from political action committees. SABEL estimates that it would need at least four contractual Office Clerks for six months to adequately review the reports in each election year. As a result, general fund expenditures would increase by approximately \$37,000 in each election year.

The Department of Fiscal Services advises that the number of employees needed to review the reports could be less than four, especially if campaign finance reports are filed electronically.

Any additional civil cases initiated by SABEL could be handled with the State Prosecutor's Office existing personnel.

Small Business Effect: Since the bill reduces the amount of contributions that certain entities can make to candidates for non-statewide office or their political committees, small businesses that make such contributions could be impacted through fewer aggregate contributions or wider disbursements of funds to more candidates.

Information Source(s): State Administrative Board of Election Laws, Office of the State Prosecutor, Department of Fiscal Services

Fiscal Note History: First Reader - March 5, 1997

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