

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Revised

House Bill 6 (Delegate Taylor and Chairman, Commerce and Government Matters
Committee, *et al.*)

Commerce & Government Matters

Referred to Economic & Environmental Affairs

**Election Laws - Reporting of Contributions by Persons Doing Business with State or
Local Government**

This enrolled bill changes the requirements for reporting campaign contributions made by persons doing business with the State or local governments. Specifically, the bill requires each person who does business with the State or a local government to file a contribution report if the person made contributions in excess of \$500 to a candidate for a State or local office during the reporting period. Currently, the reporting requirement only applies to contributions in excess of \$100. The bill also changes the definition of “business” for purposes of disclosure to mean sales, purchases, leases, or contracts involving consideration of at least \$100,000. The current threshold is \$10,000.

In addition, the bill transfers the authority to collect and monitor these types of reports from the Secretary of State to the State Administrative Board of Election Laws (SABEL). Under the bill, a campaign contribution report, covering two calendar years, must be filed prior to the completion of any sale, purchase, lease, or contract. If the contribution is made after the completion of the contract, the report must be filed semiannually (February 5 and August 5) throughout the term of the contract. Each State or local government procurement contract must include a clause notifying the contractor of these reporting requirements.

Fiscal Summary

State Effect: Potential minimal increase in expenditures. No effect on revenues.

Local Effect: None. The required clause could be included in local government contracts without the need for additional resources.

Small Business Effect: Minimal. Although the bill could impact the number of campaign contribution reports filed by small businesses, it would not directly affect their costs.

Fiscal Analysis

State Expenditures: The Secretary of State advises that it received approximately 600 reports from businesses that had contracts of at least \$100,000 with the State or local governments between fiscal 1991 and 1996. Under the bill, these reports would be filed with SABEL. SABEL estimates that it would need to hire an Office Clerk and purchase additional equipment and supplies in order to collect and process the contribution reports filed by certain businesses. As a result, general fund expenditures would increase by \$21,883 in fiscal 1998, which reflects the October 1, 1997 effective date, and by \$25,000 on an annual basis. Future year expenditures would reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

The Secretary of State's Office currently collects and processes the contribution reports with existing resources. The Department of Fiscal Services believes that SABEL should be able to collect such reports within existing resources. At worst, SABEL may need to hire a part-time contractual employee to assist with these reports.

Information Source(s): State Administrative Board of Election Laws; Secretary of State; Department of Budget and Management; Department of Public Safety and Correctional Services (Division of Correction); Department of Health and Mental Hygiene; University of Maryland; Department of Transportation; Anne Arundel, Baltimore, Dorchester, and Prince George's counties; Department of Fiscal Services

Fiscal Note History: First Reader - February 3, 1997

lc Revised - Enrolled Bill - April 29, 1997

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