

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 165 (Senator Frosh, *et al.*)
Education, Health, and Environmental Affairs

Campaign Finance - Affiliated Business Entities - Attribution of Contributions

This bill attributes campaign contributions from two or more business entities as a single contribution if: (1) one business entity is a wholly-owned subsidiary of another; or (2) the business entities are owned or controlled by at least 80% of the same individuals.

Fiscal Summary

State Effect: None. The bill would not directly affect State governmental operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill expands the types of entities covered by attribution provisions from a corporation to a “business entity,” which includes a corporation, a general or limited partnership, a limited liability company (LLC), or a real estate trust.

Current Law: State law limits aggregate contributions within a four-year election cycle to: (1) \$4,000 to any one campaign finance entity; or (2) \$10,000 to all campaign finance entities. Contributions by a corporation and any wholly-owned subsidiary of the corporation, or by two or more corporations owned by the same stockholders, are considered as being made by one donor.

Background: According to the State Department of Assessments and Taxation the number of new filings for LLCs has doubled since fiscal 1999. A substantial number of LLCs represent individual real estate holdings. It is common for the same group of individuals, or a variation of the same group, to own several LLCs for the purposes of managing separate real estate holdings or other investments. Under current law, these individuals would be able to contribute the maximum aggregate contribution amount several times over, depending on the number of LLCs they are members of, as long as the ownership among the LLCs differs slightly.

Additional Information

Prior Introductions: SB 132 of 2003 was unfavorably reported from the Senate Education, Health, and Environmental Affairs Committee.

Cross File: None.

Information Source(s): Maryland State Board of Elections, Department of Legislative Services

Fiscal Note History: First Reader - February 10, 2004
lc/mdr

Analysis by: Michelle L. Harrison-Davis

Direct Inquiries to:
(410) 946-5510
(301) 970-5510