

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 518
Ways and Means

(Delegate Pendergrass, *et al.*)

The Anti-Culture of Corruption Act of 2004

This bill limits the campaign finance activity of an individual or business entity doing business with the State, making them parallel with the limitations on a regulated lobbyist. These limitations would apply for a period beginning on the date that an individual or business entity is considered to be doing public business, to one year after the day on which that individual or business entity ceases doing public business. The bill also changes the date on which a regulated lobbyist is no longer subject to the limitations from the end of the calendar year in which the registration period ends, to one year after the day on which the regulated lobbyist's registration is terminated.

Fiscal Summary

State Effect: The bill's requirements could be handled within the existing resources of the State Ethics Commission. Any additional fine revenue is assumed to be minimal.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill prohibits individuals and business entities doing public business with the State from engaging in the following activities for the benefit of the Governor, Lieutenant Governor, Attorney General, Comptroller, member of the General Assembly, or a candidate for these offices:

- soliciting or transmitting a political contribution from any person, including a political committee;
- serving on a fund-raising committee or a political committee;
- acting as a treasurer for a candidate or official or as treasurer or chairman of a political committee;
- organizing or establishing a political committee for the purpose of soliciting or transmitting contributions from any person; or
- forwarding tickets for fund-raising activities, or other solicitations for political contributions, to a potential contributor.

The limitations apply to an officer, director, partner, or other person acting on behalf of a business entity doing public business with the State. Personal political contributions and providing information regarding a candidate's or official's position are not prohibited. Violation of the bill's provisions is a misdemeanor subject to a fine not exceeding \$10,000 or imprisonment for not more than one year, or both.

A person doing business with the State who is a candidate for office is exempted from the prohibition on fund-raising activities listed above where the activity engaged in is with respect to the individual's own political campaign.

Current Law: "Doing public business" means making, during any 12-month period, one or more contracts with one or more governmental entities involving cumulative consideration of at least \$100,000, but does not include receiving a salary from a governmental entity.

A regulated lobbyist is prohibited from the fund-raising activities listed above, but the restrictions do not apply to the campaign finance activity of a regulated lobbyist who is a candidate and the activity engaged in is with respect to the lobbyist's own political campaign.

Background: While the number of entities contracting with the State in amounts over \$100,000 cannot be reliably estimated, the Board of Public Works reports that 2,737 contracts over \$100,000 were awarded in fiscal 2003. Of that total, 38 awards totaling \$10.5 million were to small businesses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Board of Elections, State Ethics Commission,
Board of Public Works, Department of Legislative Services

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ncs/mdr

Analysis by: Michelle L. Harrison-Davis

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