

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 566
Ways and Means

(Delegate Bobo, *et al.*)

Education, Health, and Environmental Affairs

Campaign Finance - Affiliated Business Entities - Attribution of Contributions

This bill expands the types of entities covered by campaign contribution 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.

The 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

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 from fiscal 1999 to 2004. 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, a similar bill, was unfavorably reported from the Education, Health, and Environmental Affairs Committee. Another similar bill, SB 165 of 2004, received a hearing in the Education, Health, and Environmental Affairs Committee but no further action was taken.

Cross File: SB 461 (Senator Frosh, *et al.*) – Education, Health, and Environmental Affairs.

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

Fiscal Note History: First Reader - February 17, 2005
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