

Department of Legislative Services  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

Senate Bill 140 (Senator Frosh, *et al.*)  
Education, Health, and Environmental Affairs

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**Campaign Finance - Affiliated Business Entities - Attribution of Contributions**

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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.

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**Fiscal Summary**

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

**Local Effect:** None.

**Small Business Effect:** None.

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**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 doubled from fiscal 1999 and 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.

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### **Additional Information**

**Prior Introductions:** SB 461 of 2005, an identical bill, had a hearing in the Education, Health, and Environmental Affairs Committee, but no further action was taken. 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:** None.

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

**Fiscal Note History:** First Reader - February 14, 2006  
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