

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 227 (Senator Frosh, *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.

The bill takes effect June 1, 2007.

Fiscal Summary

State Effect: None. The bill would not directly affect State 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 approved new filings for LLCs more than doubled from fiscal 2001 to 2006. It is not uncommon for LLCs to represent individual real estate holdings and the same group of individuals, or a variation of the same group, may own several LLCs for the purposes of managing separate real estate holdings or other investments. Under current law, these individuals could potentially contribute the maximum aggregate contribution amount several times over depending on the number of LLCs of which they are members.

Additional Information

Prior Introductions: SB 140 of 2006, a similar bill, had a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken. SB 461 of 2005 and SB 165 of 2004, also similar bills, each had a hearing in Education, Health, and Environmental Affairs, but no further action was taken. SB 132 of 2003, another similar bill, was unfavorably reported from Education, Health, and Environmental Affairs.

Cross File: HB 816 (Delegate Bobo, *et al.* – Ways and Means) is identified as a cross file although it is not identical.

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

Fiscal Note History: First Reader - February 21, 2007
ncs/jr

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