

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 245 (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 under the bill includes a corporation, a general or limited partnership, a limited liability company, or a real estate investment trust.

The bill attributes campaign contributions from two or more business entities as a single contribution if • one business entity is a wholly owned subsidiary of another; or • the business entities are owned or controlled by at least 80% of the same individuals.

The bill takes effect June 1, 2008 and must be construed to only apply prospectively and not to any contribution made by a business entity before June 1, 2008.

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: With the exception of contributions to ballot issue committees and transfers between campaign finance entities, a person may not make, directly or

indirectly, aggregate contributions within a four-year election cycle of more than \$4,000 to any one campaign finance entity or \$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 contributor.

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: Similar bills have been introduced in each of the last five regular sessions. SB 227 of 2007, SB 140 of 2006, SB 461 of 2005, and SB 165 of 2004 each had a hearing in the Senate Education, Health, and Environmental Affairs Committee but no further action was taken. HB 816 of 2007 and HB 585 of 2006 each had a hearing in the House Ways and Means Committee but no further action was taken. HB 566 of 2005 was passed by the House but not acted upon by the Senate, whereas HB 660 of 2003 was amended by the House but reported unfavorable by the Senate Education, Health, and Environmental Affairs Committee. SB 132 of 2003 was also reported unfavorable by Education, Health, and Environmental Affairs.

Cross File: None.

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

Fiscal Note History: First Reader - February 25, 2008
mcp/ljm

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