

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 980
Ways and Means

(Delegate Ali, *et al.*)

Web-Based Campaign Finance Reporting Act

This bill requires that campaign finance reports to be filed with the State Board of Elections (SBE) be submitted using a secure Internet web site maintained by SBE, in a format approved by the board. SBE may exempt a campaign finance entity with *de minimis* financial activity from the requirement.

SBE must control access to the web site through the use of login names and password protections to guard against the disclosure of nonpublic, sensitive information included by a campaign finance entity in its campaign finance report. SBE must also develop specifications for submitting campaign finance reports using the secure Internet web site and adopt regulations regarding the secure Internet web site.

Fiscal Summary

State Effect: General fund expenditures may increase by up to \$350,000 in FY 2010; however, a majority of this cost may be offset by a reduction in the current maintenance contract for the electronic filing system. The proposed FY 2010 State budget includes \$114,000 to develop capabilities for an online campaign finance filing system.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: For each election that a campaign finance entity has indicated it will participate in on its statement of purpose filed with SBE, the campaign finance entity

generally must file campaign finance reports at various times prior to and after the primary and general elections. The reports must contain information required by SBE with respect to all contributions received and all expenditures made by or on behalf of the campaign finance entity during a reporting period. Annual reports generally must also be filed on the third Wednesday in January. A campaign finance entity with no cash balance or outstanding obligations at the end of a reporting period may mark a campaign finance report as “final” and not be obligated to file any further reports.

A campaign finance entity that has not raised or spent a cumulative amount of \$1,000 or more since the establishment of the campaign finance entity, or since the filing of its last campaign finance report, may file an affidavit stating as much in place of a report.

Campaign finance reports required to be filed with SBE must be submitted using an electronic storage medium, in a format approved by the board. SBE, however, may exempt a campaign finance entity with *de minimis* financial activity from the requirement. The reports maintained in an electronic storage format must be made widely and easily accessible to the public.

Background: Campaign committees currently file campaign finance reports using software provided by SBE or by a private vendor (with the exception of those exempted from the electronic filing requirement). The reports are submitted either on a diskette or via the Internet and the information is uploaded by SBE to a master database available to, and searchable by, the public.

State Fiscal Effect: General fund expenditures at SBE may increase to implement an online campaign finance report filing system. Costs are estimated at between \$250,000 and \$350,000, accounting for the development and maintenance of the system and temporary personnel costs; however, SBE advises that a majority of this cost may be offset by a reduction in the current maintenance contract for the electronic filing system.

SBE indicates it is currently moving in the direction of web-based campaign finance reporting due to limitations in the ability of the current filing system to be updated, changed, or handle special election reporting. SBE’s allowance in the fiscal 2010 State budget includes \$114,000 to develop the capability for an online campaign finance filing system, which appears to be offset by decreased existing contract costs associated with the current filing system, resulting in a \$20,000 net increase in budgeted costs.

Presumably costs associated with the new system will be incurred in future years, but these costs may be partially or wholly offset by the elimination of ongoing costs associated with the current filing system.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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