

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 661  
Ways and Means

(Delegates Ali and Bobo)

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**Special Session Campaign Finance Reform Act**

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This bill makes an existing prohibition against specified campaign finance activities during a regular session of the General Assembly also applicable to a special session. In addition, in the event of a special session that is not immediately preceded by a regular session, a campaign finance entity must file a campaign finance report seven days after the special session begins.

The bill takes effect July 1, 2009.

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**Fiscal Summary**

**State Effect:** General fund expenditures may increase by \$250,000 in FY 2010 to implement an online campaign finance report filing system; however, a majority of this cost may be offset by a reduction in the current maintenance contract for the existing electronic filing system. The proposed FY 2010 State budget includes \$114,000 to develop capabilities for an online campaign finance report filing system. Mailing and additional programming costs are expected to be incurred, and temporary personnel costs may also be incurred, at the time a special session is called.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** State campaign finance law prohibits specified campaign finance activity by or on behalf of the Governor, Lieutenant Governor, Attorney General, Comptroller,

and members of the General Assembly (with the exception of activities solely related to the official's election to an elective federal or local office for which the official is a filed candidate) including the receipt of a contribution or deposit or use of any contribution of money that was not deposited prior to the session. Violations can be subject to a civil penalty of \$1,000 plus the amount of the contribution, in addition to a requirement that the contribution be refunded.

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.

**State Fiscal Effect:** The State Board of Elections' existing electronic campaign finance report filing software cannot accommodate the need for a report to be filed by campaign finance entities on an undetermined date on short notice. SBE advises the bill will require either an overhaul of the current software-based system or a move to an online system and moving to an online system likely would be the most inexpensive and effective option. SBE 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. The board's allowance in the fiscal 2010 State budget includes \$114,000 to develop the capability for an online campaign finance filing system.

Based on discussions with other states and a wide range of costs reported by those states to implement online systems, SBE estimates implementation of an online system may cost roughly \$250,000. A majority of this cost, however, may be offset by a reduction in the current maintenance contract for the electronic filing system.

Future year costs of maintaining an online campaign finance report filing system may also be offset by the elimination of ongoing costs associated with the current filing system, but any overall increase or decrease in costs in future years as a result of the change in systems is uncertain at this time.

At the time a special session is called, mailing costs and additional programming costs are expected to be incurred to notify campaign finance entities of the required report and allow for the required report to be filed in the online system. Temporary personnel costs may also be incurred to assist with communication with the over 1,500 campaign finance entities that would be subject to the special session reporting requirement (the bill's reporting requirement is not specific to the General Assembly members' campaign finance entities). Total costs that may be incurred at the time a special session is called cannot be reliably estimated at this time.

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### **Additional Information**

**Prior Introductions:** HB 347 of 2008 received a hearing in the House Ways and Means Committee but was later withdrawn.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 17, 2009  
mlm/hlb Revised - Updated Information - April 7, 2009

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