SB 846

Department of Legislative Services

Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 846 (Senator Harris)
Education, Health, and Environmental Affairs

Election Law - Public Financing Act - Revisions

This bill increases, from $250 to $500, the eligible private contribution amount a gubernatorial ticket may receive from an individual in raising seed money to qualify for public campaign contributions under the Public Financing Act. The bill also increases the spending limit under the Act to be the product of $1 (adjusted annually in accordance with the Consumer Price Index, beginning January 1, 2010), rather than 30 cents (adjusted annually in accordance with the Consumer Price Index, beginning January 1, 1997), multiplied by the State population.

Fiscal Summary

State Effect: The bill does not directly affect State finances; however, special fund expenditures may increase, reflecting utilization of existing funds available for public campaign contributions, to the extent the bill's changes encourage a gubernatorial ticket to seek public campaign contributions for a future election.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Public Financing Act (PFA) provides a system of public financing of elections for candidates for Governor and Lieutenant Governor. The Act established the Fair Campaign Financing Fund (FCFF) that generates revenue from a tax add-on system that allows an individual, other than a nonresident alien, filing a personal State income tax return to make contributions to the fund in an amount of up to $500.

A gubernatorial ticket is qualified to receive a public contribution for an election if it has raised seed money consisting of cumulative eligible private contributions (the part of a monetary or in-kind contribution or series of contributions from an individual that does not exceed $250) equaling 10% or more of the expenditure limit under the Act. The seed money must be raised after March 1 of the year immediately preceding the year of the election.

A gubernatorial ticket that accepts a public contribution for an election may not spend, in that election, more than the product of 30 cents, adjusted annually beginning January 1, 1997, in accordance with the Consumer Price Index, multiplied by the population of the State.

Provided there is sufficient available funding, an eligible gubernatorial ticket that is opposed in the primary election receives $1 in public contributions for each $1 in eligible private contributions it receives. An unopposed ticket receives $1 in public contributions for each $3 in eligible private contributions it receives. Each eligible gubernatorial ticket that is a nominee for the general election receives an equal share of money remaining in FCFF.

Background: PFA originally provided a public fund match for all statewide, legislative, and local candidates in the general election. However, subsequent revisions to the Act, primarily in 1986, narrowed the scope of its provisions to include only gubernatorial candidates. Throughout the Act's history, FCFF, created by the Act and capitalized by a tax add-on system, rarely reached a functional level. With the exception of the 1994 gubernatorial race, the fund has remained essentially unused to date. FCFF currently has a balance of $5.2 million. The PFA expenditure limit was approximately $2.1 million for the 2006 elections.

According to the National Conference of State Legislatures (NCSL), half of the 50 states operate programs that provide public funds to candidates and/or political parties for campaigns, including those that provide funds directly to individual candidates, those that provide funds to political parties, and those that provide tax incentives to individuals who make political contributions.

NCSL indicates that in most states public funding programs cover only a portion of campaign costs, with private funds covering the remainder, and often rely on taxpayer check-offs and legislative appropriations for their funding. Arizona, Maine, and Vermont have operated public financing programs that allow candidates to finance their campaigns almost entirely with public funds since 2000 (called "clean elections" public financing). Under such programs, a candidate is subject to strict spending limits and is prohibited from receiving additional contributions beyond a small number of qualifying contributions. Connecticut also recently established a clean elections program.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mlm/hlb

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