

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 122  
Ways and Means

(Delegate Howard, *et al.*)

Education, Health, and Environmental Affairs

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Election Law - Use of Campaign Funds for Meeting and Conference Expenses

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This bill expands the statutory definition of “expenditure” under the Election Law Article to include a gift, transfer, disbursement, or promise of money or thing of value to pay for travel, lodging, meals, and registration expenses of an officeholder or a candidate associated with attendance at meetings or conferences focused on legislative issues, process, or public policy analysis pertinent to the office that the elected official holds or that the candidate seeks.

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Fiscal Summary

**State Effect:** The bill is not expected to materially affect State finances.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** Unless otherwise expressly authorized by law, all campaign finance activity for an election governed by State law must be conducted through a campaign finance entity. All assets received by or on behalf of a campaign finance entity must be delivered to and maintained by the treasurer for the purposes of the campaign finance entity. Assets may be disbursed only if they have passed through the hands of the treasurer and only in accordance with the purposes of the entity.

The term “expenditure” is used in a number of contexts under State campaign finance laws, including recordkeeping requirements of campaign finance entities, which specify,

among other things, that the treasurer of a campaign finance entity must keep a detailed and accurate account book of all assets received, expenditures made, and obligations incurred by or on behalf of the entity. Campaign finance reports filed by campaign finance entities also must include information with respect to all contributions received and all expenditures made by or on behalf of the campaign finance entity during the designated reporting period.

“Expenditure” is defined as a gift, transfer, disbursement, or promise of money or a thing of value by or on behalf of a campaign finance entity to promote or assist in the promotion of the success or defeat of a candidate, political party, or question at an election, or to pay for the publication expense of a legislative newsletter.

**Background:** The issue of permitted and prohibited uses of campaign funds was recently addressed by the Maryland Attorney General’s Advisory Committee on Campaign Finance, which was formed in the fall of 2010 to examine and develop recommendations regarding the State’s campaign finance laws. In its January 4, 2011 report, the committee reviewed past applications of the governing “electoral purpose” test (that campaign expenditures by a campaign finance entity must serve an “electoral purpose”) to different types of expenditures and noted that a more relaxed standard may be warranted for areas that serve both official and political purposes. Authorized use of campaign funds to pay for conference attendance has depended on whether the event is considered a political “networking” opportunity, or whether outside political events held during non-conference time could justify use of campaign funds to cover most of the expense. The committee concluded that sometimes the distinction between events that enhance one’s candidacy and those that improve one’s knowledge of a key issue or one’s effectiveness as a lawmaker appears artificial or it may be difficult to predict whether a particular expense will be allowed.

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### **Additional Information**

**Prior Introductions:** SB 185 of 2010, a similar bill, received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken. HB 442 of 2010, also a similar bill, received a hearing in the House Ways and Means Committee, but no further action was taken.

**Cross File:** SB 119 (Senator Kelley, *et al.*) - Education, Health, and Environmental Affairs.

**Information Source(s):** Office of the Attorney General, State Board of Elections, State Ethics Commission, Maryland Attorney General's Advisory Committee on Campaign Finance, Department of Legislative Services

**Fiscal Note History:** First Reader - February 7, 2011  
ncs/hlb Revised - House Third Reader - April 1, 2011

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