

Department of Legislative Services
 Maryland General Assembly
 2011 Session

FISCAL AND POLICY NOTE

House Bill 447 (Delegates George and Walker)
 Ways and Means

Election Law - Nonfederal Out-of-State Political Committee - Transfer Limits

This bill repeals a provision that treats nonfederal out-of-state political committees as campaign finance entities for the purpose of limits imposed on the transfer of funds between campaign finance entities, causing out-of-state political committees to instead be subject to the more restrictive limits on contributions to campaign finance entities.

The bill takes effect January 1, 2012.

Fiscal Summary

State Effect: General fund expenditures increase by \$35,600 in FY 2012 for the cost to hire a full-time investigator in the Office of the State Prosecutor to handle additional investigations. Future year expenditures reflect an ongoing salary and operating costs. Revenues are not affected.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	35,600	69,500	73,100	76,900	80,900
Net Effect	(\$35,600)	(\$69,500)	(\$73,100)	(\$76,900)	(\$80,900)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: With the exception of contributions to ballot issue committees, transfers between campaign finance entities, and in-kind contributions of a political party central committee, 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.

During an election cycle, a campaign finance entity may transfer a cumulative amount of up to \$6,000 to another campaign finance entity, with no aggregate limit on the amount transferred to all campaign finance entities. Affiliated campaign finance entities are treated as a single entity in determining the amount of transfers made or received by a campaign finance entity. For the purpose of this limit, “campaign finance entity” includes a nonfederal out-of-state political committee.

A “campaign finance entity” is otherwise defined in the Election Law Article as a political committee established under Title 13 of the article. A “political committee” is defined as a combination of two or more individuals that assists or attempts to assist in promoting the success or defeat of a candidate, political party, or question submitted to a vote at any election.

Background: The treatment of nonfederal out-of-state political committees as campaign finance entities for the purpose of the transfer limit was addressed by the Maryland Attorney General’s Advisory Committee on Campaign Finance formed in the fall of 2010. In its January 4, 2011 report, the committee discussed the fact that nonfederal out-of-state political committees are able to make transfers in the same manner as Maryland campaign finance entities, but are generally unregulated under the Election Law Article and the money raised by the committees is not subject to Maryland’s individual and aggregate contribution limits. The committee recommended the action taken by this bill – the repeal of the provision that considers nonfederal out-of-state political committees to be campaign finance entities for the purpose of the transfer limit, causing out-of-state political committees to instead be treated as a “person” subject to the ordinary contribution limits.

State Fiscal Effect: General fund expenditures increase by \$35,585 in fiscal 2012, which accounts for the bill’s January 1, 2012 effective date. This estimate reflects the cost of hiring one full-time investigator to investigate campaign finance violations by nonfederal out-of-state political committees. It includes a salary, fringe benefits, a one-time start-up cost, and ongoing operating expenses. The Office of the State Prosecutor indicates a steady number of violations is likely and the office will not be able to absorb the additional caseload without additional personnel.

Position	1
Salaries and Fringe Benefits	\$33,835
Computer Workstation	1,500
Supplies	<u>250</u>
Total Fiscal 2012 State Expenditures	\$35,585

Future year expenditures reflect a full salary with 4.4% annual increases and 3% employee turnover as well as 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: SB 662 (Senators Kittleman and Raskin) - Education, Health, and Environmental Affairs.

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

Fiscal Note History: First Reader - February 10, 2011
mc/hlb

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