

Department of Legislative Services  
Maryland General Assembly  
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 763

(Senator Benson)

Education, Health, and Environmental Affairs

Ways and Means

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Election Law - Payroll Deductions and Member Contributions - Address of Contributor

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This bill requires that the address of a contributor, in addition to the contributor's name, be recorded and transmitted to the political action committee or other campaign finance entity receiving the contribution, in instances where contributions are collected by an employer by payroll deduction or by membership entities along with membership dues or specified federal campaign contributions.

The bill takes effect June 1, 2012.

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Fiscal Summary

**State Effect:** None. The bill is not expected to affect State finances.

**Local Effect:** None. The bill is not expected to affect local government finances.

**Small Business Effect:** None.

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Analysis

**Current Law:**

*Contributions by Employer Payroll Deduction*

An employer may establish a program for collecting from employees, by payroll deductions, voluntary contributions to one or more campaign finance entities selected by the employer. The contributions must be combined and accumulated in a segregated

escrow account and records must be kept of each payroll deduction, including the name of the contributor, the date on which the contribution is withheld; the amount of the contribution; and the disposition of the contribution. Within three months of a contribution being withheld, it must be transmitted to the appropriate campaign finance entity along with the name of the contributor, date on which the contribution is withheld, and the amount of the contribution.

A payroll deduction contribution may also be transmitted to an employee membership entity (defined as an organization whose membership includes employees of the employer) if the employer also withholds from employees by payroll deduction the employees' dues to the employee membership entity. The employee membership entity then transmits the contributions to an affiliated political action committee. The contributions must be transmitted to the employer membership entity and the affiliated political action committee generally within 30 days in each case. The employer must transmit the name of the contributor; the date on which the contribution was made; the amount of the contribution; and the name of the affiliated political action committee designated by the employee to receive the contribution. The affiliated political action committee, in conjunction with its employee membership entity and the employer, must keep records of the information.

#### *Contributions Collected by Membership Entities*

A membership entity (defined as an organization that collects dues from its members) may establish a program for periodically collecting voluntary contributions from its members to an affiliated political action committee if the contributions are collected together with membership dues or contributions by members to a federal political action committee also affiliated with the membership entity. The membership entity must keep records of the name of the contributor; the date on which the contribution is withheld; the amount of the contribution; and the disposition of the contribution. The contribution, along with the name of the contributor, date on which the contribution was withheld, and the amount of the contribution, must be transmitted to the affiliated political action committee within 30 days of being received.

**Background:** The bill implements a recommendation of the Commission to Study Campaign Finance Law, which was established by Joint Resolution 1 of 2011. The commission issued an initial report in January 2012. In its report, the commission recommended that the General Assembly consider amending the law to require employers and membership entities to transmit both the names and addresses of contributors, instead of just the names of contributors, to the applicable campaign finance entity. The commission's report pointed out that, under State Board of Elections (SBE) regulations, campaign finance entities must report both the name and address of the

contributor to SBE, but employers and membership entities are only required to transmit the name of the contributor to the campaign finance entity (or political action committee, a type of campaign finance entity). The commission's report indicated that requiring employers and membership entities to transmit the name and address of contributors to campaign finance entities would simplify reporting requirements for the campaign finance entities.

The Commission to Study Campaign Finance Law is given relatively broad discretion to examine the State's campaign finance laws and activity in the State and other jurisdictions, but is also charged with considering or examining various specific issues ranging from contribution limits to public campaign financing to enforcement of election laws. The commission held its first two meetings in December 2011 and January 2012 and the commission's recommendations in the initial report originated from an effort to develop a list of noncomplex proposals that would offer immediate improvements to the existing campaign finance system. The commission must submit a final report by December 31, 2012.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 694 (Delegate Cardin, *et al.*) - Ways and Means.

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

**Fiscal Note History:** First Reader - March 5, 2012  
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