

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 6
Ways and Means

(Delegates Howard and Cardin)

Education, Health, and Environmental Affairs

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

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 elected official 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.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: None.

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 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 nonconference 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.

Additional Information

Prior Introductions: SB 119 of 2011 received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken. Its cross file, HB 122, passed the House, was referred to the Senate Education, Health, and Environmental Affairs Committee, and had no further action taken on it. SB 185 of 2010 received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken. HB 442 of 2010 received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: None.

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

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mlm/hlb

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