

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 376
Ways and Means

(Delegate Moon, *et al.*)

Election Law - Business Entity Campaign Contributions - Prohibition

This bill prohibits a business entity from directly making a contribution to a campaign finance entity. “Business entity” includes a corporation, a sole proprietorship, a general partnership, a limited partnership, a limited liability company (LLC), a real estate investment trust, or other entity.

Fiscal Summary

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

Local Effect: The bill is not expected to materially affect local government finances.

Small Business Effect: None.

Analysis

Current Law: Unless otherwise expressly authorized by law, all campaign finance activity for an election under the Election Law Article of the Annotated Code must be conducted through a campaign finance entity. An individual may not file a certificate of candidacy or a declaration of intent until the individual establishes, or causes to be established, an authorized candidate campaign committee (a campaign finance entity authorized by the candidate to promote the candidate’s candidacy).

Generally, a person may not make, either directly or indirectly, aggregate contributions of more than \$6,000 to any one campaign finance entity in a four-year election cycle. Contributions by two or more business entities are considered as being made by one contributor if (1) one business entity is a wholly owned subsidiary of another or (2) the

business entities are owned or controlled by at least 80% of the same individuals or business entities. “Business entity” includes a corporation, a sole proprietorship, a general partnership, a limited partnership, an LLC, a real estate investment trust, or other entity.

The contribution limit does not apply to contributions to ballot issue committees (campaign finance entities formed to promote the success or defeat of a ballot question or prospective ballot question).

Background: The National Conference of State Legislatures (NCSL) indicates that 22 states completely prohibit corporations from contributing to political campaigns. Another 22 states impose restrictions on corporation contributions. Finally, 6 allow corporations to contribute an unlimited amount to state campaigns. Information provided to the Commission to Study Campaign Finance Law (established by Joint Resolution 1 of 2011) in 2012 by NCSL indicated there was variation in the extent to which states’ prohibitions on corporation campaign contributions also extended to other types of business entities. NCSL found, however, that in 10 states that prohibited corporation contributions, LLCs, partnerships, and other noncorporate entities were specifically included in the ban.

Additional Information

Prior Introductions: HB 297 of 2016, a similar bill, received a hearing in the House Ways and Means Committee, but no further action was taken. SB 601 of 2010, also a similar bill, received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken. Its cross file, HB 917, received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: None.

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

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