

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 227 (Delegate Korman, *et al.*)
 Ways and Means

State Legislature Local Public Campaign Financing Act

This bill allows for the governing body of a county to establish a system of public campaign financing for candidates for member of the General Assembly from legislative districts within the county.

Fiscal Summary

State Effect: To the extent counties use the authority under the bill, general fund expenditures increase by \$25,800 in FY 2021 and by additional amounts in future years. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0	25,800	43,300	22,400
Net Effect	\$0	\$0	(\$25,800)	(\$43,300)	(\$22,400)

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

Local Effect: To the extent counties use the authority under the bill, county expenditures increase by an indeterminate, but significant, amount.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill expands the offices for which the governing body of a county may establish a system of public campaign financing to include members of the General Assembly from legislative districts within the county. For a member of the General Assembly from a multicounty legislative district, the governing body of each

county within the multicounty legislative district must (1) state which multicounty legislative districts are included in the public campaign financing system for the county and (2) make effectiveness of the public campaign financing system for candidates from multicounty legislative districts contingent on the adoption of a substantively similar law, as determined by the State Board of Elections (SBE), by each county in the multicounty legislative district.

Among the existing provisions applicable to county public campaign financing systems, the bill adds a requirement that a system allow a candidate for the General Assembly who accepts public campaign financing to transfer funds to a State or local central committee of the political party with which the candidate is affiliated.

Current Law: Pursuant to Chapter 419 of 2013, the governing body of a county may establish, by law, a system of public campaign financing for elective offices in the executive and legislative branches of county government. When establishing such a system, the governing body of a county must specify the criteria for determining whether an individual is eligible for public campaign financing. Various requirements apply to a system established by a governing body of a county, including that it must (1) be strictly voluntary; (2) not regulate candidates who choose not to participate in public campaign financing; and (3) be subject to regulation and oversight by SBE to ensure conformity with State law and policy to the extent practicable.

Background: Montgomery County and Howard County have enacted, in 2014 and 2017, respectively, local laws establishing public campaign financing systems for county executive and county council offices, under the authority provided in Chapter 419 of 2013. Montgomery County's system is in effect for the 2018 elections, and Howard County's system will be in effect for the 2022 elections.

State Fiscal Effect: To the extent counties use the authority under the bill, general fund expenditures increase by \$25,800 in fiscal 2021, and by additional amounts in future years, reflecting the cost for SBE to hire a contractual auditor to (1) handle work associated with making determinations of whether candidates for member of the General Assembly qualify to participate in public campaign financing under counties' systems and (2) assist in auditing those candidates' campaign finance activities under the systems. The estimate assumes the auditor is hired for a two-year period beginning the year before a gubernatorial election year.

SBE is responsible for making the determination of whether a given candidate qualifies for public campaign financing under a county's system. The responsibility for auditing participating candidates' campaign finance reports is being shifted to the counties, through SBE regulations, though SBE staff may still assist with that auditing.

Local Fiscal Effect: To the extent a county uses the authority in the bill, county expenditures increase by an indeterminate, but significant, amount to provide the public funding distributed to participating candidates and for any increased administrative costs (e.g., contractual personnel) associated with administering the program for those candidates.

A total of \$11 million has been appropriated under Montgomery County's public campaign financing program for distributions to participating county executive and county council candidates, but it is unclear at this time what amount of that funding will end up being used during the 2018 elections. Just over \$1 million had been distributed to participating candidates as of December 31, 2017, accounting for distributions from July through December.

Small Business Effect: To the extent the bill results in additional campaign spending that otherwise would not occur, small businesses providing campaign consulting services and materials may meaningfully benefit.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Board of Elections; Montgomery, Washington, and Worcester counties; Maryland Association of Counties; Department of Legislative Services

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