

Department of Legislative Services  
 Maryland General Assembly  
 2020 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

House Bill 437

(Delegate Mosby)

Ways and Means

Education, Health, and Environmental Affairs

Campaign Finance Reports - Business Contributors - Registration Status

This bill requires the State Department of Assessments and Taxation (SDAT) to electronically transmit to the State Board of Elections (SBE) lists of businesses that are registered with the department and those that have forfeited their registration. SBE must use the information to identify and compile contributions made by those businesses and use the compiled data to audit and investigate business contributions. **The bill takes effect January 1, 2021.**

Fiscal Summary

**State Effect:** General fund expenditures increase by \$71,200 in FY 2021; future years reflect annualization and ongoing costs. Revenues are not affected.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	71,200	70,000	71,700	74,100	76,700
Net Effect	(\$71,200)	(\$70,000)	(\$71,700)	(\$74,100)	(\$76,700)

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

**Local Effect:** None.

**Small Business Effect:** None.

Analysis

**Bill Summary:** The bill requires SDAT – by January 15 each year – to electronically transmit to SBE, in a manner and format specified jointly by SDAT and SBE, (1) a list of all businesses that are registered with the department on the date of the transmission and

(2) a list of all businesses that forfeited their registrations with the department during the immediately preceding calendar year. Within 24 hours after processing a filing for revival or reinstatement of the registration of a business, SDAT must electronically transmit the name of the business to SBE.

SBE must use the information transmitted by SDAT to identify and compile contributions made by businesses that (1) have forfeited their registrations with SDAT or (2) are registered with SDAT and have not forfeited their registrations. SBE must use the compiled data to audit and investigate business contributions reported on campaign finance reports. The compiled data is not subject to inspection under the Public Information Act.

### **Current Law/Background:**

#### *Campaign Finance Reports*

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 (defined as a political committee established under Title 13 of the Election Law Article). 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). For each election in which a campaign finance entity participates, it generally must file campaign finance reports at various times prior to and after the primary and general elections, as well as an annual report. The reports must contain information required by SBE with respect to all contributions received and all expenditures made by or on behalf of the campaign finance entity during a reporting period.

#### *Business Registration with SDAT*

SDAT serves as custodian of documents relating to the organization and ownership of many types of business entities that are required to file documents with the State, including charters for Maryland corporations and qualifications and registrations for foreign corporations.

**State Fiscal Effect:** General fund expenditures increase by \$71,172 in fiscal 2021, which accounts for the bill's January 1, 2021 effective date. This estimate reflects the cost of (1) programming changes in SBE's campaign finance reporting system necessary to use the information transmitted by SDAT to produce reports that identify contributions made by registered businesses and businesses that have forfeited their registration and (2) an investigator hired by SBE to use that information to investigate whether businesses that made contributions were legal entities at the time of the contributions. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1
Salaries and Fringe Benefits	\$35,964
Programming Changes	30,000
Operating Expenses	<u>5,208</u>
<b>Total FY 2021 State Expenditures</b>	<b>\$71,172</b>

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

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### Additional Information

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** State Board of Elections; State Department of Assessments and Taxation; Office of the State Prosecutor; Department of Legislative Services

**Fiscal Note History:** First Reader - February 4, 2020  
rh/hlb Third Reader - April 15, 2020  
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