

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 488

(Delegate Feldmark, *et al.*)

Ways and Means

Local Public Campaign Financing – Expansion to Additional Offices

This bill authorizes the governing body of a county that has implemented a system of public campaign financing for elective offices in the executive or legislative branches of county government for at least one complete election cycle, to establish, by law, a system of public campaign financing for the offices of (1) State's Attorney; (2) sheriff; (3) register of wills; (4) judge of the circuit court; (5) clerk of the circuit court; (6) judge of the orphans' court; or (7) an elected member of the county board of education. **The bill takes effect June 1, 2022.**

Fiscal Summary

State Effect: General fund expenditures may increase by \$22,900 in FY 2023; future years reflect annualization and ongoing costs. Revenues are not affected.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	22,900	64,700	66,600	68,400	70,300
Net Effect	(\$22,900)	(\$64,700)	(\$66,600)	(\$68,400)	(\$70,300)

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 a significant amount. Revenues are not affected.

Small Business Effect: Potential meaningful.

Analysis

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. Chapter 376 of 2019 also requires the governing body of a county, when establishing a system, to provide the funding and staff necessary for the operation, administration, and auditing of the system of 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 the State Board of Elections (SBE) to ensure conformity with State law and policy to the extent practicable.

The following jurisdictions have enacted local laws establishing public campaign financing systems for executive and legislative offices, under the authority provided in Chapter 419:

- Baltimore City – beginning with the 2024 elections;
- Baltimore County – beginning with the 2026 general election;
- Howard County – beginning with the 2022 elections;
- Montgomery County – beginning with the 2018 elections; and
- Prince George’s County – beginning with the 2026 elections.

State Expenditures: General fund expenditures increase by \$22,945 in fiscal 2023, if counties that are eligible to do so expand their public campaign financing programs to additional offices that are on the ballot in the 2024 elections. This estimate reflects the cost for SBE to hire one administrative aide (with a start date of April 1, 2023 – approximately one year before the 2024 primary election) to assist the director of candidacy and campaign finance with reviewing candidates’ requests for certification to participate in their respective county’s public campaign financing program. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. SBE advises that the board cannot absorb the additional duties (which are associated with its oversight responsibility) with existing resources, necessitating additional staff. A significant portion of the costs associated with hiring the administrative aide will be incurred in later fiscal years when the administrative aide is paid a full year’s salary. For example, in fiscal 2024, general fund expenditures increase by \$64,748. If counties delay any expansion of their public campaign financing systems until later elections, the need to hire an administrative aide is similarly delayed.

Position	1.0
Salaries and Fringe Benefits	\$16,132
Operating Expenses	<u>6,813</u>
Total FY 2023 State Expenditures	\$22,945

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

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

A total of \$5.2 million (net of returned funds) was spent by Montgomery County in the 2018 elections for distributions to county executive and county council candidates.

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: HB 1066 of 2021 received a hearing in the House Ways and Means Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): Calvert, Montgomery, and Prince George's counties; Judiciary (Administrative Office of the Courts); Orphans' Court of Baltimore County; State Board of Elections; Register of Wills; Department of Legislative Services

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