

Department of Legislative Services  
 Maryland General Assembly  
 2022 Session

FISCAL AND POLICY NOTE  
 Third Reader

House Bill 498

(Delegate Washington)

Ways and Means

Education, Health, and Environmental Affairs

Election Law - Campaign Finance - Protection of Contributor Information

This bill prohibits a person from (1) using any contributor information from any report or statement required under Title 13 (“Campaign Finance”) of the Election Law Article for commercial solicitation purposes or (2) publishing any contributor information from any report or statement required under Title 13 in newspapers, magazines, books, websites, or other similar media, for the purpose of facilitating commercial solicitation. **The bill takes effect July 1, 2022.**

Fiscal Summary

**State Effect:** General fund expenditures may increase by \$73,700 in FY 2023 and by additional amounts in future years. Special fund revenues may increase.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
SF Revenue	-	-	-	-	-
GF Expenditure	\$73,700	\$87,600	\$90,100	\$92,400	\$94,900
Net Effect	(\$73,700)	(\$87,600)	(\$90,100)	(\$92,400)	(\$94,900)

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

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

**Small Business Effect:** None.

## Analysis

### Current Law:

#### *Campaign Finance Reporting*

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 the State Board of Elections (SBE) with respect to all contributions received and all expenditures made by or on behalf of the campaign finance entity during a reporting period.

#### *Filing and Disclosure of Campaign Finance Reports*

Campaign finance reports required to be filed with SBE generally must be submitted using an electronic storage medium and in a format that SBE approves. SBE is required to make the campaign finance reports that are maintained in an electronic storage format widely and easily accessible to the public.

**State Expenditures:** General fund expenditures may increase by \$73,718 in fiscal 2023, which accounts for a 90-day start-up delay from the bill's July 1, 2022 effective date. This estimate reflects the cost for the Office of the State Prosecutor, which handles prosecutions of State election law violations, to potentially hire an investigator to perform investigative work needed to enforce the bill. It is unclear how many violations of the bill there may be, but investigating violations is expected to require a significant amount of work to gather the evidence to prove that commercial solicitations are originating from contributor information and not other information. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate assumes that enforcement of the bill is based on complaints. If active enforcement is undertaken, additional expenditures may be incurred for software to identify potential violations.

Position	1.0
Salaries and Fringe Benefits	\$66,375
Operating Expenses	<u>7,343</u>
<b>Total FY 2023 State Expenditures</b>	<b>\$73,718</b>

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

**State Revenues:** Special fund revenues increase to the extent monetary penalties are imposed for violations of the bill's prohibitions (which are subject to existing civil and criminal penalty provisions). Penalty revenues are deposited in the Fair Campaign Financing Fund, which holds funds for public campaign financing of gubernatorial tickets under the Public Financing Act.

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### **Additional Information**

**Prior Introductions:** SB 296 of 2021 passed the Senate and received a hearing in the House Ways and Means Committee, but no further action was taken. SB 129 of 2020 passed the Senate and was referred to the House Ways and Means Committee, but no further action was taken. HB 376 of 2020 received a hearing in the House Ways and Means Committee, but no further action was taken.

**Designated Cross File:** None.

**Information Source(s):** State Prosecutor's Office; Maryland State Board of Elections; Department of Legislative Services

**Fiscal Note History:** First Reader - February 2, 2022  
rh/sdk Third Reader - March 17, 2022

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