

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 366 (Senator Ellis)
 Education, Energy, and the Environment

Campaign Finance - Civil Penalties - Process

This bill – under existing provisions that authorize the State Board of Elections (SBE) to impose a civil penalty for various campaign finance violations – requires SBE to (1) issue a “Notice of Pending Civil Penalty” to persons it believes are committing or committed a violation and (2) establish an appeal process that must be exhausted by a person issued a notice before SBE may issue a citation for a violation. SBE must (1) adopt comprehensive regulations establishing the appeal process and (2) develop a communication plan to inform authorized candidate campaign committees and other persons of the appeal process. **The bill takes effect January 1, 2026.**

Fiscal Summary

State Effect: General fund expenditures increase by \$64,100 in FY 2026. Future years reflect annualization and ongoing costs. Special fund revenues may decrease annually, beginning in FY 2026, as discussed below.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	(-)	(-)	(-)	(-)	(-)
GF Expenditure	\$64,100	\$74,400	\$77,800	\$81,300	\$84,700
Net Effect	(\$64,100)	(\$74,400)	(\$77,800)	(\$81,300)	(\$84,700)

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:

Notice of Pending Civil Penalty

The bill, under existing provisions authorizing SBE to impose a civil penalty for various campaign finance violations, requires SBE, if it believes a person is committing or committed a violation, to issue a “Notice of Pending Civil Penalty” to the person that includes (1) the nature, time, and place of the alleged violation; (2) the manner in which the violation is alleged to have occurred; (3) the amount of the penalty; (4) notice that the person may admit the violation by paying the penalty and the manner in which the penalty may be paid; (5) information regarding the appeal process established under the bill (as described below); and (6) notice of the right of the person alleged to have committed the violation to request a hearing before SBE.

Appeal Process

SBE must adopt comprehensive regulations establishing an appeal process for persons issued a “Notice of Pending Civil Penalty” that includes (1) clearly defined grounds for appeal; (2) contact information for assistance or inquiries regarding the appeal process; (3) step-by-step procedures for initiating an appeal; (4) timelines for each stage of the appeal process; (5) criteria for the evaluation and adjudication of appeals; (6) a right for a person alleged to have committed a violation to request a hearing before SBE; and (7) guidelines for the resolution of appeals and the communication of decisions regarding appeals.

SBE must (1) publish the appeal process, including all relevant forms and instructions, on its website on a page that is compliant with the federal Americans with Disabilities Act and (2) provide printed copies of the appeal process on request.

SBE must develop a communication plan to inform authorized candidate campaign committees and other persons of the appeal process that includes (1) training on the appeal process for relevant staff members of SBE to ensure that the staff members provide accurate information about the appeal process to persons alleged to have committed violations; (2) educational materials on the appeal process; and (3) outreach to authorized candidate campaign committees and other persons concerning compliance with campaign finance laws, best practices to avoid campaign finance violations and penalties, and the appeal process.

Issuance of Citations

Before SBE may issue a citation to a person it believes is committing or committed a violation – which, under current law, is payable to SBE within 20 days unless the person elects to stand trial – (1) the person alleged to have committed the violation must have exhausted the appeal process established under the bill and (2) SBE must have conducted a hearing on the person’s appeal and made a final decision that the person committed the violation.

Current Law:

Campaign Finance Civil Penalties

SBE is authorized to impose a civil penalty for various campaign violations, including (1) making a disbursement in an unauthorized manner or by an unauthorized method; (2) failure to maintain a campaign bank account; (3) failure to maintain detailed and accurate account books and records; (4) fundraising during the General Assembly session in an unauthorized manner; (5) failure to sufficiently report all contributions received and expenditures made on a campaign finance report; (6) failure to include an authority line on campaign material; (7) failure to retain a copy of campaign material; (8) failure to disclose the use of a robot to publish, distribute, or disseminate online campaign material; (9) soliciting a recurring contribution or donation without the affirmative consent of the contributor or donor; (10) making a monetary contribution or monetary donation using any currency other than United States currency or accepting a monetary contribution or monetary donation made using any currency other than United States currency; and (11) making a monetary expenditure using any currency other than United States currency.

The civil penalty may not exceed \$1,000 for each violation, with the exception of fundraising during the General Assembly session in an unauthorized manner, which is subject to a penalty of up to \$1,000 plus the amount of the contribution received.

SBE may issue a citation to any person it believes is committing or committed a violation. The civil penalty is payable to SBE by the person charged in a citation within 20 calendar days unless the person charged elects to stand trial. If a person elects to stand trial, SBE forwards the citation to the State Prosecutor to prosecute the violation and the District Court is authorized to double the penalty if a person is found by the court to have committed the violation. Adjudication of the violation is not a criminal conviction.

A civil penalty must be paid by the campaign finance entity, unless it has insufficient funds, in which case it is the joint and several liability of the responsible officers of the campaign finance entity.

The civil penalties are distributed to the Fair Campaign Financing Fund (FCFF).

Campaign Finance Entities

Unless otherwise expressly authorized by law, all campaign finance activity for an election under the Election Law Article 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).

State Expenditures: General fund expenditures increase by \$64,123 in fiscal 2026, which reflects an early start date of October 1, 2025, prior to the bill’s January 1, 2026 effective date. This estimate (1) reflects the cost for SBE to hire one administrative officer to help manage the appeal process, including receiving, processing, and coordinating appeals for SBE’s final decision and (2) assumes an early start date for the administrative officer to be trained and ready to help manage the appeal process once the bill takes effect. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$56,754
Operating Expenses	<u>7,369</u>
Total FY 2026 State Expenditures	\$64,123

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

State Revenues: Special fund (FCFF) revenues may decrease annually, beginning in fiscal 2026, to the extent that civil penalties that would have otherwise been collected for campaign finance violations are no longer collected because of the appeal process.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); State Prosecutor's Office; Maryland State Board of Elections; Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2025
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