

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 27

(Senator Kagan)

Education, Energy, and the Environment

Ways and Means

Election Law - Campaign Finance - Exploratory Committees

This bill establishes exploratory committees in State campaign finance law: (1) defining them; (2) making them subject to provisions that apply to political committees but establishing that a donation to an exploratory committee is not subject to any limits; and (3) establishing additional requirements and limitations. **The bill takes effect June 1, 2025.**

Fiscal Summary

State Effect: The State Board of Elections (SBE) can implement the bill's changes with existing resources. Special fund (Fair Campaign Financing Fund) revenues may increase annually, beginning in FY 2026.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill defines "exploratory committee" to mean an entity established by a potential candidate for a public office to determine the potential candidate's viability for that public office.

The bill establishes that specified provisions of Title 13 (Campaign Finance) of the Election Law Article that apply to a political committee also apply to an exploratory committee; however, a donation to an exploratory committee is not subject to any limits.

“Donation” means the gift or transfer, or promise of gift or transfer, of money or any other thing of value to a person that makes disbursements for an exploratory committee, subject to specified exceptions.

An exploratory committee for an individual may receive funds and make disbursements to determine the individual’s viability for a public office. Disbursements may be made only for purposes related to determining the potential candidate’s viability for a public office and only for the following: (1) conducting surveys or polls regarding the viability of the potential candidate for a public office; (2) direct mailings and other communications to potential voters; (3) employing staff; (4) establishing a website; (5) qualifying paid digital communications; (6) renting or leasing office space; and (7) purchasing electronic equipment, including computers and telephones. An exploratory committee may not pay any expense in advance for goods or services to be used by the political committee of the potential candidate once the potential candidate registers an authorized candidate campaign committee.

“Qualifying paid digital communication” means any electronic communication that (1) is campaign material; (2) is placed or promoted for a fee on an online platform; (3) is disseminated to 500 or more individuals; and (4) does not propose a commercial transaction.

The bill modifies the definition of “campaign material” to refer to “a potential candidate” rather than “a prospective candidate,” so that the term means any material that (1) contains text, graphics, or other images; (2) relates to a candidate, a *potential* candidate, or the approval or rejection of a question or prospective question; and (3) is published, distributed, or disseminated. Existing statute, among other things, requires campaign material to contain an authority line identifying the person or campaign finance entity responsible for the campaign material.

If an authorized candidate campaign committee results from the exploratory committee, any purchases made by the authorized candidate campaign committee of equipment from the exploratory committee must be made at the fair market value of the equipment.

An exploratory committee must return any remaining funds within 120 days after (1) a potential candidate timely files a certificate of candidacy for a public office or publicly announces that the potential candidate has declined to file a certificate of candidacy for public office or (2) the deadline for filing a certificate of candidacy.

An exploratory committee must return funds *pro rata* to the contributors or by paying the remaining funds to (1) if the potential candidate is a member of a political party, the State central committee of the political party or a local central committee of the political party; (2) if the potential candidate establishes an authorized candidate campaign

committee, the authorized candidate campaign committee, subject to the contribution limit (\$6,000) applicable to an authorized candidate campaign committee; (3) a nonprofit organization exempt from taxation under § 501(c)(3) of the Internal Revenue Code; or (4) the Fair Campaign Financing Fund (FCFF) (which holds funds for public campaign financing of gubernatorial tickets under the Public Financing Act).

Current Law:

Statute

Political Committees

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).

“Political committee” is defined as a combination of two or more individuals that has as its major purpose promoting the success or defeat of a candidate, political party, question, or prospective question submitted to a vote at any election.

Whether establishing and filing with SBE as an authorized candidate campaign committee or other campaign finance entity, a political committee must include with the filing a statement of organization that includes a statement of purpose specifying (1) each candidate or ballot question, if any, that the political committee was formed to promote or defeat; (2) the identity of each special interest, including any business or occupation, that the organizers of or contributors to the political committee have in common; and (3) whether the political committee will participate in presidential, gubernatorial, Baltimore City, or multiple elections.

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.

Subject to certain exceptions, a person may not make aggregate contributions of more than \$6,000 to any one campaign finance entity in a four-year election cycle, and a campaign

finance entity may not make transfers in a cumulative amount of more than \$6,000 to any one other campaign finance entity in a four-year election cycle.

“Candidate” Definition

“Candidate” is defined under the Election Law Article as an individual who files a certificate of candidacy for a public or party office, and includes an individual, prior to that individual filing a certificate of candidacy, if a campaign finance entity has been established on behalf of that individual.

Summary Guide Information on Exploratory Committees

[Chapter 4](#) of SBE’s [Summary Guide to Maryland Candidacy and Campaign Finance Laws](#), most recently revised in March 2025, discusses exploratory committees, and limitations applicable to them. The guide states that while there are no statutory provisions that expressly authorize exploratory committees, the Office of the Attorney General has indicated that some exploratory or “testing the waters” activities involving raising and spending funds for limited purposes, to determine if an individual would be a viable candidate, are permissible without needing to establish a political committee.

Regulations

SBE adopted regulations in 2023 (COMAR 33.13.23) that authorize an individual who is not a candidate to establish an exploratory committee for a public office to determine the individual’s viability for the office.

State Revenues: Special fund revenues increase, beginning in fiscal 2026, to the extent late filing fees and/or monetary penalties are collected from exploratory committees for violations of applicable requirements/prohibitions (late filing fee and penalty revenues are deposited in FCFF).

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 16 and HB 792 of 2024 and SB 111 and HB 441 of 2023.

Designated Cross File: HB 111 (Delegates Palakovich Carr and D. Jones) - Ways and Means.

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

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