

January 28, 2020

Testimony on HB 34
Campaign Finance – Contributions, Expenditures, or Donations by
Foreign-Influenced Corporations or Foreign Principals
Ways & Means Committee

Common Cause Maryland supports HB 34, which makes clear that “foreign-influenced corporations” cannot spend in Maryland elections, and requires a corporation that does spend money in Maryland elections to certify that it is not a “foreign-influenced corporation.”

One of the foundations of democracy is that it is built on the consent of the governed. HB 34 would strengthen the voice of the governed in Maryland by making sure that those who spend in Maryland’s elections have the right to do so.

The approach HB 34 takes is innovative, but it is well-founded in federal campaign-finance law. 52 USC § 30121 states:

“It shall be unlawful for a foreign national, directly or indirectly, to make a contribution or donation of money or other thing of value, or to make an express or implied promise to make a contribution or donation, in connection with a Federal, State, or local election.”

This is one of the few sections of the Federal Election Campaign Act that applies to state and local elections. HB 34 does not modify, extend, or restrict federal campaign-finance law, nor would it be proper for it to do so. The bill merely applies the federal statute – together with the law established by the Supreme Court in the *Citizens United* decision – to Maryland elections, and requires that corporations that seek to spend in Maryland elections certify that they are in compliance with Maryland’s understanding of the governing federal laws.

It is important to note that HB 34 does not place its burden on candidates and other campaign-finance entities. Its major requirements fall on the donors, the corporations that seek to spend in Maryland elections. A campaign-finance entity is required to take action only if it *knowingly* receives a contribution from a “foreign-influenced corporation.” This is consistent with how election law treats political spending by individual foreign nationals.

HB 34’s approach is already law in St. Petersburg, Florida, and Seattle, Washington. This application of federal law to state elections represents an important reform that would be helpful to representative democracy in Maryland, and will serve as a powerful example to other states.