



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

January 21, 2022

To: The Honorable Vanessa E. Atterbeary
Chair, Ways and Means Committee

From: Delegate Jen Terrasa
District 13, Howard County

Re: Sponsor Testimony in Support of HB 93, Candidates for Offices of
Municipalities and Common Ownership Communities - Reports of
Donations and Disbursements

Dear Chair Atterbeary, Vice Chair Washington, and members of the Ways & Means Committee,

Thank you for the opportunity to present HB 93, which brings transparency to campaign financing on the local level.

HB 93 requires that candidates running for office in municipalities and large common ownership communities (HOAs, co-ops, condominiums), report who contributed to their campaigns and how much. It applies to common ownership communities (known as COCs) with 2000 or more lots. It also applies to municipalities. Note, as drafted, the bill applies only to municipalities with more than 5000 people. However, our understanding is that there is a state constitution issue prohibiting the treatment of municipalities differently by size, so I will be offering an amendment to make HB 93 applicable to all cities in the state.

How does this work? HB 93 has two different options for localities. The municipality or COC can set up its own process for campaign finance disclosure, which can be as simple or as complicated as the locality chooses. If not, candidates would have to follow state campaign finance laws. As you know, the state system requires a candidate to set up a campaign committee, find a treasurer, open a bank account, and follow the state's reporting system. The state system might seem complicated for a local race if the typical candidate only raises \$200 or \$500 or even \$1000, but might make more sense if they are running a \$30,000 campaign. The way HB 93 works is that the local governing body can set up different rules for larger and smaller donations or they can set up a hybrid system where candidates with larger dollar donations have to follow the

state, and the smaller dollar campaigns follow a process as simple as filling out one page with all donors plus the amount of the donation, and another with all their expenditures. This legislation gives the locals the option to set up as simple or as complex a system as they want.

So why is this bill so important? It's about transparency. It's about informed voters participating in a democracy. This committee knows the importance of this type of transparency in your own elections because you just finished filing your own campaign finance reports. But why should this be expanded to municipalities? As you know, municipal governments run everything from local police departments and fire departments to transportation, public works, recreation/parks, planning/zoning, and they also own land. Municipal officials and their employees negotiate and decide large municipal contracts. Municipal elections are very important.

Currently, there is no Maryland law requiring reporting of campaign financing in municipalities. Some municipalities have their own requirements, and under Maryland law, if they do, candidates have to forward copies of whatever they file with the municipality to the state so that all reports can be found in one place. However, only 12 out of 157 municipalities in Maryland require candidates to file campaign finance reports in a municipal election (Laurel, Bowie, Gaithersburg, Rockville, Annapolis, Frederick, Salisbury, Aberdeen, College Park, Hagerstown, Brunswick, and Takoma Park). As amended, this bill would provide this transparency to voters in the other 145 municipalities and would require all candidates on the local level to report donations and expenditures just like anyone else running for office in the state.

So you might be wondering though, why would anyone want to contribute to candidates running for election in a common ownership community or COC? From my experience as an HOA president, a member of our larger HOA ("village") board, a county council member, and a member of the Housing and Real Property subcommittee of ENT, I can tell you that COCs do a lot of important things. Notably, COCs own land and manage large contracts. In some cases, they even have large security forces. However, I did not necessarily expect to see a lot of money pouring into a COC election until our master HOA elections in 2021. Typically, these elections had no financing or were financed in the range of \$50-\$500. Last year, though, it became clear that much more money was being invested in this local election. I have heard accounts that somewhere between \$50k-100k were spent on these races. I can't give you an exact dollar amount because no reporting system mandate currently exists. However, what I can tell you is I received 4 mailers in the mail in my area, and some areas received up to 6 mailers. This huge jump in funds spent in a COC election, I believe, highlights the need for a reporting requirement in these local elections.

HB93 makes sure that candidates in municipalities and large HOAs report who is contributing to them and what they are spending their money on – just like we do. In the end, it's all about transparency.

I urge a favorable report.