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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SB16: Exploratory & Draft Committees

House Ways & Means Committee
March 19, 2024: 1:00 PM

For too long, Exploratory and Draft campaign committees have been exempt from our accountability and disclosure laws. SB16 would close this loophole. Marylanders deserve to know who is financing prospective candidates for elected office.

An Exploratory Committee is “an entity established by a prospective candidate for a public office to determine the potential candidate’s viability.” A Draft Committee is organized to encourage a potential candidate to run for office without approval by, or coordination with, that individual.

Current law fails to **provide oversight** for these entities. In 2022, the State Board of Elections (SBE) crafted regulations based on the Attorney General’s opinion regarding the formation of Exploratory Committees. These didn’t require compliance with basic campaign finance transparency laws. SB16 requires that both types of committees report contributions to the SBE, bringing them into line with the rules others must already follow.

SB16 does not eliminate these committees nor impose limits on donations. The bill would ensure that they would follow disclosure laws; limit the purpose for which funds can be expended; and establish processes for dissolving them. These guardrails do not currently exist.

Exploratory and Draft Committees would be allowed to engage in the following types of expenditures:

- Public opinion polls;
- Direct mail;
- Hiring staff;
- Website hosting;
- Digital communications;
- Leasing (but not purchasing) office space; and
- Purchasing electronic equipment.

SENATE



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January 31, 2024

TO: The Honorable Brian Feldman
Chair, Education, Energy, and the Environment Committee

FROM: Adam Spangler
Legislative Aide, Legislative Affairs, Office of the Attorney General

RE: SB16 Election Law - Campaign Finance - Draft Committees and
Exploratory Committees- **Support**

The Office of the Attorney General urges a favorable report on Senate Bill 16 to expand transparency within the electoral process.

Generally, there are no statutory provisions that expressly authorize Exploratory and Draft Committees. However, the Office of the Attorney General has advised that some Exploratory Committees are permissible only for non-candidates. These committees may not file a Statement of Organization with the State Board of Elections and may not engage in any campaign finance activities. The funds raised are exclusively for what are considered permissible exploratory activities (conducting surveys on potential candidate viability, direct mailings and communications to potential voters, the employment of staff, and to establish a website). Draft Committees are committees that are organized to encourage potential candidate to run for office but are not authorized by the potential candidate. Their scope of permissible activities is the same as Exploratory Committees. Should a committee exceed the limited scope it would need to register

This bill letter is a statement of the Office of Attorney General's policy position on the referenced pending legislation. For a legal or constitutional analysis of the bill, Members of the House and Senate should consult with the Counsel to the General Assembly, Sandy Brantley. She can be reached at 410-946-5600 or sbrantley@oag.state.md.us.



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January 30, 2024

Testimony on SB 16
Election Law - Campaign Finance - Draft Committees and Exploratory Committees
Education, Energy, and the Environment

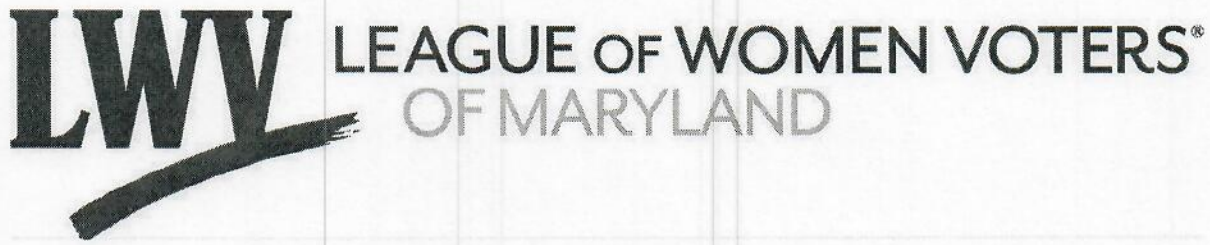
Position: Favorable

Common Cause Maryland is in support of SB 16, which would apply certain campaign finance requirements and prohibitions to draft committees and exploratory committees.

Maryland has a well-developed system of campaign finance law, a system that ensures everyday citizens can trace who is making donations and what special interest voices are being heard in that process. Given the amount of money that can be spent testing the feasibility of an individual's candidacy, we believe that both draft and exploratory committees should be required to adhere to the same level of scrutiny - it is critical that citizens be able to see who is funding these efforts.

This bill will allow for greater disclosure and transparency around these committees, giving the public the opportunity to see who is spending time and money to influence our elections. For these reasons, we request a favorable report on SB 16.

SENATE



**TESTIMONY TO THE SENATE EDUCATION, ENERGY, AND THE ENVIRONMENT
COMMITTEE**

**SB 16 Campaign Finance – Election Law - Campaign Finance - Draft Committees
and Exploratory Committees**

POSITION: Support

BY: Linda T. Kohn, President

Date: January 30, 2024

The League of Women Voters supports campaign finance regulations that enhance political equality for all citizens, ensure transparency, protect representative democracy from distortion by undisclosed contributions and combat corruption.

Exploratory and draft committees have been exempted from the accountability and transparency expectations that other campaign finance committees must follow. This bill would establish reporting requirements and prohibitions for draft committees and exploratory committees. It also defines important safeguards such as regulations for the receipt of funds, permissible expenditures and disbursement of funds and assets once a committee disbands.

Transparent elections are paramount to safeguarding our elections. This bill would bring more transparency to voters and the money that goes into them. By allowing voters to know how campaigns are being financed, they can also hold candidates accountable. Candidates should be held responsible for any monies they acquire in their bid for office whether that is through their official campaigns or by forming exploratory committees.

We urge a favorable report on SB 16.