

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1348 (Delegate Fisher, *et al.*)
Health and Government Operations

State Government - Advertisements - Paid for by Maryland Taxpayers

This bill requires that any advertisement that is paid for by the State and issued by or on behalf of specified State government entities to include the following statement: “This message has been paid for by the taxpayers of Maryland.” The bill defines “advertisement” as any oral, written, or printed media advertisement, including any television or radio announcement, and World Wide Web and Internet voice-overs. The bill applies to: (1) the Maryland Court of Appeals, the Court of Special Appeals, a circuit court, the District Court of Maryland, and an orphans’ court; (2) the General Assembly; and (3) principal departments and independent units in the Executive Branch.

Fiscal Summary

State Effect: State expenditures will increase in FY 2015 to alter advertisements that have already been produced and will be used in future years. The exact impact cannot be reliably determined because essential data on the number of advertisements affected by the bill cannot be accurately quantified at this time. In future years, the impact of the bill is expected to be minimal.

Local Effect: Local governments are not directly affected by the bill.

Small Business Effect: Minimal.

Analysis

Current Law: Several provisions of State law require certain State entities to advertise for various notice-related reasons including (1) to fill a vacant position; (2) to seek bids or proposals for specified projects and other needs; (3) to provide notice for hearings on

proposed regulations; (4) to provide notice of specified laws; and (5) conduct various outreach efforts. In addition to these notice-related reasons, the Maryland Tourism Development Board (MTDB) is tasked with spending its funds to, among other things, advertise the tourism and travel industries in the State. MTDB is an entity within the Department of Business and Economic Development (DBED).

Background: While many State entities advertise exclusively to provide notice, some advertise for promotional and educational purposes. Those State entities spend relatively more on advertising. The following provides a sample of such spending:

- **Maryland Department of Agriculture** – The Maryland Department of Agriculture (MDA) estimates that the department spends approximately \$12,000 of general funds on promotional advertising. Notably, the majority of MDA’s advertising activities are paid by federal grant funds. MDA also administers a crop insurance education program grant that uses advertisements to promote the use of crop insurance as a risk management tool.
- **Maryland Department of Business and Economic Development** – In fiscal 2014, DBED was appropriated \$3.65 million for advertising. Of that amount, \$3.05 million went to MTDB.
- **Maryland State Department of Education** – The Maryland State Department of Education periodically contracts with Maryland Public Television to produce grant funded videos and television announcements.
- **Maryland Department of Transportation** – BWI Thurgood Marshall Airport advertises its various services through nearly every available media source.
- **Maryland Health Benefit Exchange** – In fiscal 2014, the Maryland Health Benefit Exchange appropriated approximately \$7.4 million for advertising. As a significant share of advertising expenditures in fiscal 2014 is attributable to the launch of the health benefit exchange, the advertising budget will decrease substantially in future years.

State Fiscal Effect: Many State government entities advertise because they are required to provide notice of certain activities. To the extent that this bill applies to these notice requirements, the impact is expected to be minimal and absorbable with existing resources.

Expenditures may potentially increase significantly for State government entities that have already produced television commercials or radio spots that will be used in the future. New production costs would be incurred in order to add the required statement to any existing television commercial and radio spots. For example, the Maryland Office of Tourism estimates that it would need to revise nine television commercials for

fiscal 2015. The costs associated with editing these advertisements could potentially be significant.

Some State government entities advertise, mainly, but not exclusively, by print or web, to provide outreach and public service announcements. In addition to outreach advertisements, DBED uses print and web advertising to market the State. Minimal additional expenditures may be required to update already existing print advertisements, by labels or some other similar manner, to fulfill the requirements of the bill. Moreover, altering or revising web banners will also be necessary. While operationally burdensome, the fiscal impact of this is expected to be minimal.

In some instances, advertising is funded either partially or entirely with federal funds. The bill does not apply to advertisements that are entirely federally funded.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture, Department of Business and Economic Development, Department of Budget and Management, Department of Human Resources, Department of Natural Resources, Maryland State Department of Education, Governor's Office, Department of Housing and Community Development, Maryland Health Insurance Plan, Department of Health and Mental Hygiene, Maryland Insurance Administration, Judiciary (Administrative Office of the Courts), Maryland Public Television, Maryland Department of Transportation, University System of Maryland, Department of Legislative Services

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