

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 112
Ways and Means

(Delegate Jackson, *et al.*)

Education, Health, and Environmental Affairs

Election Law - Campaign Finance Entities - Expenditures Made and the
Attribution of Contributions Received

This bill makes modifications relating to compensation of a responsible officer of a campaign finance entity, campaign account bank statements, and campaign contributions or donations made by a subsidiary of a business entity doing business with a State or local governmental entity.

Fiscal Summary

State Effect: The bill is not expected to materially affect State finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary:

Compensation of Responsible Officers

The bill authorizes a campaign finance entity to make a disbursement to compensate a responsible officer of the campaign finance entity only by check. If a responsible officer has a compensation agreement with the campaign finance entity, before making a disbursement for the compensation, the campaign finance entity must submit to the State Board of Elections (SBE) a copy of the compensation agreement and, if the campaign

finance entity is an authorized candidate campaign committee, the written consent of the candidate.

Campaign Account Bank Statements

The treasurer of an authorized candidate campaign committee must provide both the candidate and the chairman of the committee with a copy of the most recent campaign account bank statement within 30 days after filing a campaign finance report at SBE.

Applicable Contributions Made by a Subsidiary, under Title 14

Under Title 14 of the Election Law Article, which governs the reporting of campaign contributions or donations by persons doing business (making or having a contract of at least \$200,000) with a State or local governmental entity, provisions governing when campaign contributions or donations made by a subsidiary of a business entity are attributable to the business entity are modified. The modifications clarify that applicable contributions made by or attributed to a subsidiary of a business entity doing business with a State or local governmental entity are attributable to the business entity regardless of whether the subsidiary is also doing business with a State or local governmental entity. An exception is established, however. Applicable contributions made by or attributed to a subsidiary that is not doing business with a State or local governmental entity are not attributed to the parent business entity if (1) the parent business entity is a bank holding company, as defined under specified federal law; (2) the securities of the company are traded on a national exchange; and (3) no individual owns or controls more than 10% of the company. “Subsidiary” is defined as a business entity that is 30% or more owned or controlled by another business entity.

Current Law/Background:

Campaign Finance Entities

Unless otherwise expressly authorized by law, all campaign finance activity for an election under the Election Law Article of the Annotated Code must be conducted through a campaign finance entity. 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). Campaign finance entities must have a chairman (which the candidate may be) and treasurer (which the candidate may not be) as responsible officers; must have one or more designated campaign accounts; and are subject to reporting, recordkeeping, and other requirements under the Election Law Article.

Campaign Accounts and Disbursements

All assets received by or on behalf of a campaign finance entity must be delivered to and maintained by the treasurer for the purposes of the campaign finance entity. A campaign finance entity must deposit all funds received in a designated campaign account. Assets may be disbursed only if they have passed through the hands of the treasurer and only in accordance with the purposes of the entity. Generally, a campaign finance entity may make a disbursement only from a designated campaign account and only by check or an electronic method authorized by SBE by regulation. A petty cash fund may be maintained, however, and expenses paid from other funds may be reimbursed from the campaign account if supported by a receipt.

Title 14 Reporting Requirements

Under Title 14 of the Election Law Article, persons that do public business (defined as making or having a single contract with a State or local governmental entity involving cumulative consideration of at least \$200,000) are required to submit reports to SBE regarding any applicable contributions. “Applicable contributions” are defined as contributions or donations to or for the benefit of a candidate for an office of the governmental entity with which the person is doing business. For purposes of the reporting requirements, business done with a State or local governmental entity by a subsidiary of a business entity is attributed to the business entity if 30% or more of the equity of the subsidiary is owned or controlled by the business entity. In addition, applicable contributions made by or attributed to such a subsidiary are attributed to the business entity.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 8, 2016
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