

February 20, 2020

Testimony on SB 613
Public Financing Act – Candidate and Matching Fund Revisions (Maryland Fair Elections Act)
Education, Health, and Environmental Affairs

Position: Favorable

Common Cause Maryland supports SB 613, which would modernize the existing public financing system available to gubernatorial candidates available through the Fair Campaign Finance Fund (FCFF), making it similar to small donor matching systems that have been established at the local level throughout the state.

The FCFF is a vital program in Maryland that allows gubernatorial candidates to run for office without relying on moneyed interests to fund their campaigns. Currently, gubernatorial candidates who can show that they have the requisite support from Marylanders are able to qualify for a grant that will allow them to run competitive, but the program is outdated and, unlike programs established at the local level, allows participating candidates to raise private money (ie PAC, business donations).

SB 163 aims to improve the existing program by empowering participating candidates to run races that are powered by small dollars from Marylanders that are matched to ensure they are competitive.

Candidates opting into the public financing program would first have to show sufficient community interest by raising small donations from Marylanders, refraining from taking donations from non-individuals and only donations of \$250 and below. Once they meet qualifying thresholds, at least 1,500 eligible contributions totaling \$120,000 for gubernatorial tickets and at least 1,000 eligible contributions totaling \$80,000 for Attorney General and Comptroller candidates, they would then be matched by funds from the Fair Campaign Financing Fund, at different rates, depending on the size of the contribution, with no match provided for the last \$100. Gubernatorial candidates would be eligible to receive \$3,000,000 per election and other candidates up to \$750,000 per election, amounts that we believe would ensure candidates are able to run competitive campaigns.

Montgomery County, Howard County, Prince George's County, and Baltimore City have all established similar programs, with Montgomery County successfully using its program for the first time in 2018. These programs remain popular amongst Marylanders for a simple reason: particularly since the *Citizens United* decision, they feel that our campaign system is disconnected from the populace, and that LLCs and wealthy individuals render regular Marylanders' voices meaningless in the current campaign finance environment. The Public Financing Act would give these candidates another choice: focus on constituents through the campaign and keep the focus on constituents throughout your term in office. While these programs cannot fight the escalating cost of elections; only the Supreme Court can reverse that disturbing trend, SB 613 would shift the focus of campaigns away from special interests and back to everyday constituents.

Because SB 613 could significantly raise the voices of regular Marylanders to compete with the big-money spending unleashed by *Citizens United*, we ask the committee for a favorable report.



Summary of Fair Elections Act as Drafted

| Threshold to Qualify for Small Donor Matching Program | | | |
|--|-----------|-------------|------------------|
| | Governor | Comptroller | Attorney General |
| Number of Donations | 1,500 | 1,000 | 1,000 |
| Amount of Donations | \$120,000 | \$80,000 | \$80,000 |

*Must forgo contributions greater than \$250 and only accept contributions from individuals (no money from corporations, etc.). Multiple contributions from one person cannot exceed \$250.

| Match Ratios | | | |
|---------------------|--------------------|--------------------|------------------|
| | Governor | Comptroller | Attorney General |
| First \$50 | 9 to 1 | 8 to 1 | 8 to 1 |
| Second \$50 | 5 to 1 | 4 to 1 | 4 to 1 |
| Third \$50 | 2 to 1 | 2 to 1 | 2 to 1 |
| Final \$100 | Accepted, no match | Accepted, no match | |

*Only contributions from Maryland residents are matched. No match provided for last \$100.

| | Governor | Comptroller | Attorney General |
|------------------|-------------|-------------|------------------|
| Match Cap | \$3,000,000 | \$750,000 | \$750,000 |

*Once the cap is reached, candidates can continue to raise donations from individuals of \$250 or less but will not receive any matching funds. The match cap is per election.

| Example Candidate Performance | | |
|--------------------------------------|---|---|
| | Total Raised if Candidates Reach Program Cap | Donors & Amount to Reach Program Cap |
| Governor | \$3,562,500 (\$3mil match + \$562,500) | Raise \$150 donations from 3,750 donors |
| Comptroller | \$856,800 (\$749,700 match + \$107,100) | Raise \$100 donations from 1,071 donors |
| Attorney General | \$843,750 (\$750,000 match + \$93,750) | Raise \$50 donations from 1,875 donors |

| Anticipated Cost to State |
|---|
| \$6.875 million a year would cover operating costs and 4 primary and 2 general election candidates for each Governor, Comptroller, and Attorney General, assuming a full match. |



The Fair Elections Maryland Act

This bill modernizes our Gubernatorial public financing system and expands the program to include Attorney General and Comptroller races.

EMPOWERING SMALL DONORS

Maryland's democracy has long been dominated by a powerful donor class that has more say than everyday people. As the donor class drives elections, people of color, women, those with lower income, young people, and immigrants are too often left out of our democracy.

Under Montgomery County's first election using the new program, on average:

Qualifying candidates had nearly twice as many individual donors as those who chose not to participate.



Qualifying Candidates
850 individual donors.



Non-Participating Candidates
434 individual donors

The average contribution for non-participating candidates was 13 times higher than for qualifying candidates.



Non-Participating Candidates
\$1,145



Qualifying Candidates
\$86

STRENGTHENING OUR DEMOCRACY

Keep big money out.

Participating candidates can only accept donations of \$250 or less and cannot take checks from corporations. Candidates remain accessible and accountable to their constituent base.

Expand opportunities to run for office.

People from all backgrounds can run for office based on the strength of their ideas, not access to wealth, which helps to build a diverse and representative state government.

Give everyone a voice.

By matching small contributions on a sliding-scale the fund will elevate the voices of the smallest donors, so all Marylanders, regardless of race, gender, or income have equal opportunity to participate in elections.

Encourage more participation.

We can encourage more Marylanders to participate in our elections by providing limited matching funds for small campaign contributions from Maryland residents.

Montgomery County, Howard County, Prince George's County, and Baltimore City have all established small donor fair elections programs.

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