

Department of Legislative Services  
 Maryland General Assembly  
 2018 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 174 (Delegate Moon, *et al.*)  
 Ways and Means

Election Law - Local Public Campaign Financing - Expansion

This bill expands the offices for which the governing body of a county may establish a system of public campaign financing to include (1) an elected member of the county board of education; (2) clerk of the circuit court; (3) register of wills; (4) sheriff; or (5) State’s Attorney.

Fiscal Summary

**State Effect:** To the extent counties use the authority under the bill, general fund expenditures increase by \$25,800 in FY 2021 and by additional amounts in future years. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0	25,800	43,300	22,400
Net Effect	\$0	\$0	(\$25,800)	(\$43,300)	(\$22,400)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** To the extent counties use the authority under the bill, county expenditures increase by an indeterminate, but significant, amount.

**Small Business Effect:** Potential meaningful.

Analysis

**Current Law:** Pursuant to Chapter 419 of 2013, the governing body of a county may establish, by law, a system of public campaign financing for elective offices in the executive and legislative branches of county government. When establishing such a

system, the governing body of a county must specify the criteria for determining whether an individual is eligible for public campaign financing. Various requirements apply to a system established by a governing body of a county, including that it must (1) be strictly voluntary; (2) not regulate candidates who choose not to participate in public campaign financing; and (3) be subject to regulation and oversight by the State Board of Elections (SBE) to ensure conformity with State law and policy to the extent practicable.

**Background:** Montgomery County and Howard County have enacted, in 2014 and 2017, respectively, local laws establishing public campaign financing systems for county executive and county council offices, under the authority provided in Chapter 419 of 2013. Montgomery County's system is in effect for the 2018 elections, and Howard County's system will be in effect for the 2022 elections.

**State Fiscal Effect:** To the extent counties use the authority under the bill, general fund expenditures increase by \$25,800 in fiscal 2021, and by additional amounts in future years, reflecting the cost for SBE to hire a contractual auditor to (1) handle work associated with making determinations of whether candidates for offices added to county public campaign financing systems pursuant to the bill qualify to participate in public campaign financing and (2) assist in auditing those candidates' campaign finance activities under the systems. The estimate assumes the auditor is hired for a two-year period beginning the year before a gubernatorial election year.

SBE is responsible for making the determination of whether a given candidate qualifies for public campaign financing under a county's system. The responsibility for auditing participating candidates' campaign finance reports is being shifted to the counties, through SBE regulations, though SBE staff may still assist with that auditing.

**Local Fiscal Effect:** To the extent a county uses the authority in the bill, county expenditures increase by an indeterminate, but significant, amount to provide the public funding distributed to participating candidates and for any increased administrative costs (*e.g.*, contractual personnel) associated with administering the program for those candidates.

A total of \$11 million has been appropriated under Montgomery County's public campaign financing program for distributions to participating county executive and county council candidates, but it is unclear at this time what amount of that funding will end up being used during the 2018 elections. Just over \$1 million had been distributed to participating candidates as of December 31, 2017, accounting for distributions from July through December.

**Small Business Effect:** To the extent the bill results in additional campaign spending that otherwise would not occur, small businesses providing campaign consulting services and materials may meaningfully benefit.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 375 (Senator Pinsky, *et al.*) – Education, Health, and Environmental Affairs.

**Information Source(s):** State Board of Elections; Baltimore, Carroll, Harford, Montgomery, Queen Anne’s, and St. Mary’s counties; Department of Legislative Services

**Fiscal Note History:** First Reader - January 28, 2018  
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Analysis by: Scott D. Kennedy

Direct Inquiries to:

(410) 946-5510

(301) 970-5510