



THE PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Audits and Investigations

October 10, 2018

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DHV*
County Auditor

FROM: Inez N. Claggett *INC*
Senior Legislative Auditor

RE: Fiscal Impact Statement
CB-099-2018 Public Campaign Financing

Legislative Summary

CB-099-2018 seeks to establish a Fair Election Fund to provide public campaign financing for a candidate for a County elective office; regulate certain campaign finance activity of a candidate for County elective office who voluntarily accepts public campaign financing; authorizes the Maryland State Board of Election to administer and enforce the public campaign financing system; provides for penalties for violations of the public campaign financing system.

Background/Current Law

The Campaign Finance Reform Act of 2013 (Chapter 419, Laws of Maryland) authorizes the governing body of a county to establish by law a public campaign finance system for the election of County Executive and County Council. The proposed legislation would implement this authority by establishing a public campaign finance system for the election of County Executive and County Council. The goal of the bill is to encourage greater voter participation in County elections, increase opportunities for more residents to run for office, and reduce the influence of large contributions from businesses, political action groups, and other large organizations. Montgomery County and Howard County have enacted public campaign financing legislation in 2014 and 2016, respectively.

Resource Personnel

Colette Gresham, Legislative Officer for the Prince George's County Council; Bridgett Warren, Chief of Staff, District 1 Prince George's County Council

Assumptions and Methodology

CB-099-2018 seeks to establish a special non-lapsing Fair Election Fund (the "Fund") within Prince George's County which shall provide matching public campaign financing dollars to certified candidates. Individuals seeking to receive matching dollars from the Fund shall file a notice of intent with the State Board of Elections in the manner that is required, and shall establish a citizen funded campaign account.

The Fund shall consist of money appropriated to the Fund, unspent funds remaining in a certified candidates' citizen funded campaign account after a candidate is no longer a candidate for public office, any public contribution returned to the Fund, donations made to the Fund, fines collected from violators of the public campaign financing regulations, and earnings on money in the Fund. The Director of Finance must determine, on or before July 1st of the year preceding the primary election, if the balance in the Fund is sufficient to meet the maximum public contributions reasonably expected to be required during the next election cycle. If an insufficient balance is determined to be in the Fund, the Director of Finance shall reduce each public contribution by the same amount.

An application must be filed as outlined within Section 10-320 of the proposed legislation and the following must occur for an individual to qualify as a certified candidate who may receive matching dollars from the Fund:

- A) a candidate for County Executive shall collect from County residents at least five hundred (500) qualifying contributions and an aggregate contribution total of Forty Thousand Dollars (\$40,000);
- B) a candidate for At-Large Council Member shall collect from County residents at least two hundred fifty (250) qualifying contributions and an aggregate total of Fifteen Thousand Dollars (\$15,000); and
- C) a candidate for District Council Member shall collect from County residents at least one hundred fifty (150) qualifying contributions and an aggregate total of Seven Thousand Five Hundred Dollars (\$7,500).

Candidates seeking to receive Fair Election Funds financing must not accept loans or contributions of more than Two Hundred Fifty Dollars (\$250) in the aggregate during an election cycle. The contribution limit shall be adjusted as defined within the proposed legislation and published no later than January 1 after an adjustment is made. Aggregate contributions of Twelve Thousand Dollars (\$12,000) consisting of a combined total of not more than Six Thousand Dollars (\$6,000) from family members (the applicant candidate, a sibling who is at least eighteen (18) years old, a spouse, or a parent) may be accepted.

The County Executive shall promulgate regulations to outline how and when qualifying contribution receipts shall be submitted to the State Board, the documents that shall be filed with the State Board for certification, the allowable uses of money in a publicly funded campaign account, and other policies necessary to implement the proposed public campaign financing regulations.

Under the proposed legislation matching campaign financing funds are provided to certified candidates for every qualifying contribution of \$150 received up to the maximum public contribution amount payable for the

election cycle. Table A below provides a summarized break down of matching dollars provided for the various qualifying contribution amounts.

Table A.

Qualifying Contribution Amount	Proposed Matching Amount
\$1.00 - \$25.00	\$7.00
\$26.00 - \$75.00	\$5.00
\$76.00 - \$150.00	\$1.00
\$151.00 - \$250.00	\$0.00

For each election cycle, including the primary or general election, a certified candidate may receive up to a maximum total public contribution (matching funds) of Seven Hundred Fifty Thousand Dollars (\$750,000) for a candidate for County Executive, Two Hundred Thousand Dollars (\$200,000) for a candidate for At-Large Council Member, and Seventy-Five Thousand Dollars (\$75,000) for a candidate for District Council Member. Matching funds are not provided for contributions received from the candidate, the candidate's spouse, adult sibling, or parent.

Information gathered from the Maryland State Board of Elections' report on the Prince George's County Candidates' Listing indicated the following:

In 2010, there were 5 candidates in the primary election for the position of County Executive and 44 candidates for the position of County Councilmember. In 2014, there were 4 candidates in the primary election for the position of County Executive and 20 candidates for the position of County Councilmember. In 2018, there are 10 candidates in the primary election for the position of County Executive, 10 candidates for the position of At-Large Councilmember and 35 candidates for the position of County Councilmember.

Although the number of candidates diminishes after the primary election, certified candidates are eligible to receive funding during the primary election and general election for the eligible qualifying contributions received. We assume all candidates will raise the necessary amount to receive the maximum amount of public matching dollars. For the position of County Executive, participating candidates are assumed to receive the maximum amount of \$750,000 each in public contributions; all candidates for the position of At-Large Councilmember are assumed to receive the maximum amount of \$200,000 each in public contributions; all candidates for the position of County Councilmember are assumed to receive the maximum amount of \$75,000 each in public contributions.

Table B applies the matching dollars to various qualifying contributions, the amount the County must contribute, and the total donation.

Table B.

Qualifying Contribution Amount	County Contribution Amount	Total Donation
\$ 1.00	\$ 7.00	\$ 8.00
\$ 5.00	\$ 35.00	\$ 40.00
\$ 10.00	\$ 70.00	\$ 80.00
\$ 25.00	\$ 175.00	\$ 200.00
\$ 26.00	\$ 180.00	\$ 206.00
\$ 50.00	\$ 300.00	\$ 350.00
\$ 75.00	\$ 425.00	\$ 500.00
\$ 76.00	\$ 426.00	\$ 502.00
\$ 100.00	\$ 450.00	\$ 550.00
\$ 125.00	\$ 475.00	\$ 600.00
\$ 150.00	\$ 500.00	\$ 650.00
\$ 151.00	\$ 500.00	\$ 651.00
\$ 175.00	\$ 500.00	\$ 675.00
\$ 200.00	\$ 500.00	\$ 700.00
\$ 225.00	\$ 500.00	\$ 725.00
\$ 250.00	\$ 500.00	\$ 750.00

The fiscal impact of CB-099-2018 was estimated under three (3) scenarios of assumptions.

Scenario A assumes 2 candidates for County Executive, 18 candidates for the nine District Councilmembers, and 4 candidates for the At-Large Councilmembers.

Scenario B assumes an average of the number of candidates for the 2010, 2014, and 2018 election cycles (except for the At-Large Councilmembers, we used an average of Scenario 1 and Scenario 3). This equates to six candidates for County Executive, 33 candidates for County Councilmembers, and 7 candidates for At-Large County Councilmembers.

Scenario C assumes the number of candidates is equivalent to the actual number in the 2018 election cycle. There are 10 candidates for County Executive, 35 candidates for District Councilmembers, and 10 candidates for At-Large Councilmembers.

Fiscal Impact

- Direct Impact

Enactment of CB-099-2018 would have a negative fiscal impact in the range of approximately \$3.7 million to \$12.1 million per election cycle. This assumes all candidates are eligible for the maximum public contribution amounts and are calculated as follows:

Scenario A:

County Executive	2 candidates @	\$750,000	\$1,500,000
District Council	18 candidates @	\$75,000	\$1,350,000
At-Large Council	4 candidates @	\$200,000	<u>\$ 800,000</u>
Total			\$3,650,000

Scenario B:

County Executive	6 candidates @	\$750,000	\$4,500,000
District Council	33 candidates @	\$75,000	\$2,475,000
At-Large Council	7 candidates @	\$200,000	<u>\$1,400,000</u>
	Total		\$8,375,000

Scenario C:

County Executive	10 candidates @	\$750,000	\$7,500,000
District Council	35 candidates @	\$75,000	\$2,625,000
At-Large Council	10 candidates @	\$200,000	<u>\$2,000,000</u>
	Total		\$12,125,000

CB-099-2018 also provides for penalties for violation of Fair Election Fund regulations in the amount of Five Hundred Dollars (\$500) for each violation. Any violations imposed and collected may offset the estimated negative fiscal impact, however an amount, if any, cannot be determined at this time.

- Indirect Impact

There may be additional staff resources required from the Office of Finance and Board of Elections to provide staff support for the Fair Election Commission. The support includes working with the State Board of Elections to administer the systems and provide information about the system to candidates and the public. Enactment of CB-099-2018 may also have an unpredictable economic effect on the County which may result in, or contribute to, a fiscal impact in the future.

- Estimated Impact Beyond the Current Fiscal Year

The estimated direct impact amount would apply to each election cycle, every four (4) years.

Appropriated in the Current Fiscal Year Budget

No.

Other/Additional Information

Howard County and Montgomery County have recently enacted similar legislation.

A Public Election Fund (PEF) Distribution and Balance Report for Montgomery County is shown on Attachments A and B. The PEF began with a balance of \$11,000,000 for FY 2018, had total distributions of \$3,997,426, and ended the fiscal year with a balance of \$7,002,574. During the current fiscal year, \$4,000,000 was transferred out of the PEF, \$696,570 was distributed and \$29,876 was returned to the PEF, through September 2018. The ending balance as of September 30, 2018 is reported as \$2,335,880.

Effective Date

Forty-five (45) calendar days after it becomes law.

If you require additional information, or have questions about this fiscal impact statement, please call me.

PUBLIC ELECTION FUND DISTRIBUTION AND BALANCE REPORT

AS OF JUNE 30, 2018 - REPORT #12

OFFICE AND CANDIDATE	POLITICAL PARTY	FILED INTENT	CERTIFIED CANDIDATE	DATE OF CERTIFICATION	JUNE DISTRIBUTION	TOTAL DISTRIBUTIONS
COUNTY EXECUTIVE						
George Leventhal	DEMOCRAT	9/29/2016	YES	7/21/2017	44,710	491,420
Marc Elich	DEMOCRAT	2/22/2017	YES	10/3/2017	207,338	711,205
Rose Krasnow	DEMOCRAT	11/3/2017	YES	3/6/2018	46,260	406,180
COUNTY COUNCIL - AT-LARGE						
Hans Riemer	DEMOCRAT	1/18/2017	YES	8/11/2017	66,945	230,761
Chris Wilhelm	DEMOCRAT	2/21/2017	YES	1/4/2018	46,114	144,381
Bill Conway	DEMOCRAT	4/3/2017	YES	9/12/2017	77,767	218,298
Hoan Dang	DEMOCRAT	4/10/2017	YES	9/19/2017	39,065	164,758
Brandly Brooks	DEMOCRAT	5/12/2017	YES	4/17/2018	29,716	106,095
Danielle Meltiv	DEMOCRAT	5/31/2017	YES	3/20/2018	25,233	128,881
Evan Glass	DEMOCRAT	7/22/2017	YES	1/3/2018	32,791	250,000
Seth Grimes	DEMOCRAT	8/2/2017	YES	1/30/2018	11,423	100,921
Will Jawando	DEMOCRAT	8/9/2017	YES	1/31/2018	33,540	250,000
Mohammad Siddique	DEMOCRAT	8/10/2017	YES	1/29/2018	1,480	77,206
Gabe Albornoz	DEMOCRAT	8/31/2017	YES	1/30/2018	39,545	163,651
Jill Ortman-Fouse	DEMOCRAT	2/26/2018	YES	4/30/2018	18,178	97,224
COUNTY COUNCIL - DISTRICT						
Ed Amatetti	REPUBLICAN	2/13/2017	YES	10/17/2017	1,250	44,850
Nancy Navarro	DEMOCRAT	3/31/2017	YES	12/12/2017	1,300	37,275
Reggie Oldak	DEMOCRAT	4/25/2017	YES	8/24/2017	-	125,000
Sidney Katz	DEMOCRAT	7/27/2017	YES	12/1/2017	1,207	125,000
Jim McGee	DEMOCRAT	7/27/2017	YES	5/29/2018	-	36,751
Ana Sol Gutierrez	DEMOCRAT	9/18/2017	YES	3/28/2018	8,125	43,470
Kevin Harris	DEMOCRAT	2/21/2018	YES	5/29/2018	2,260	44,100
					734,247	3,997,426

PUBLIC ELECTION FUND: CONTRIBUTION BALANCE	
Contribution Balance as of 7/1/17	11,000,000
July Distributions	(196,652)
August Distributions	(147,251)
September Distributions	(174,560)
October Distributions	(832,640)
November Distributions	(26,270)
December Distributions	(135,214)
January Distributions	(796,948)
February Distributions	(28,244)
March Distributions	(594,871)
April Distributions	(539,427)
May Distributions	(291,102)
June Distributions	(734,247)
Remaining PEF Contribution Balance	7,002,574

PUBLIC ELECTION FUND DISTRIBUTION AND BALANCE REPORT - GENERAL ELECTION

AS OF SEPTEMBER 30, 2018 - REPORT #3

OFFICE AND CANDIDATE	POLITICAL PARTY	CONTESTED ELECTION	SEPTEMBER DISTRIBUTION	GEN. ELECTION DISTRIBUTIONS	PUBLIC ELECTION FUND: CONTRIBUTION BALANCE
COUNTY EXECUTIVE					
Marc Eirich	DEMOCRAT	YES	184,444	277,341	7,002,574
Robin Ficker	REPUBLICAN	YES	-	240,975	(4,000,000)
COUNTY COUNCIL - AT-LARGE					
Hans Riemer	DEMOCRAT	YES	-	2,120	(100,335)
Evan Glass	DEMOCRAT	YES	-	13,135	(287,704)
Will Jawando	DEMOCRAT	YES	-	21,382	(11,652)
Gabe Albornoz	DEMOCRAT	YES	3,225	5,565	(108,270)
COUNTY COUNCIL - DISTRICT					
Ed Amatetti	REPUBLICAN	YES	940	24,065	29,876
Nancy Navarro	DEMOCRAT	NO	-	-	(188,609)
Sidney Katz	DEMOCRAT	NO	-	-	2,335,880
			188,609	584,583	