

**MEMORANDUM**

October 28, 2024

TO: County Council

FROM: Christine Wellons, Chief Legislative Attorney

SUBJECT: Bill 20-24, Public Campaign Financing – Amendments

PURPOSE: Worksession – recommendation expected

**Expected Attendees:**

David Crow, Department of Finance  
Blaise DeFazio, Office of Legislative Oversight

Bill 20-24, Public Campaign Financing – Amendments was introduced on September 17, 2024. Its Lead Sponsors are Councilmember Glass, Council Vice-President Stewart, and Councilmembers Fani-González, Albornoz, Mink, Balcombe, and Sayles. A public hearing occurred on October 8, 2024. The Government Operations and Fiscal Policy (GO) Committee will consider the bill at a worksession on October 31.

Bill 20-24 would:

- (1) increase the maximum amount of funds a certified candidate may retain to pay post-election expenses;
- (2) require periodic adjustments to permissible contribution limits and retention amounts based upon the Consumer Price Index;
- (3) make updates and technical corrections throughout the public campaign financing law; and
- (4) generally amend the County law related to public campaign financing.

**BACKGROUND**

Chapter 16 of the Montgomery County Code governs public campaign financing in the County, in accordance with the Election Law Article of the Maryland Code.

The goals of the County’s campaign finance law include: (1) encouraging greater voter participation in County elections; (2) increasing opportunities for more residents to run for office; and (3) reducing the influence of large contributions from businesses, political action groups and

other large organizations. See [Public Election Fund Committee - Montgomery County Council, Maryland \(montgomerycountymd.gov\)](#).

Under Chapter 16, candidates seeking to become the County Executive, or seeking to become a Councilmember, may become certified to receive public matching funds for the small-dollar, individual contributions the candidates receive. Bill 20-24 would amend Chapter 16, including altering the amounts of funds a candidate may receive based on inflation, and increasing the amount of funds that may be retained after an election for post-election expenses.

On October 22, 2024, the Office of Legislative Oversight (OLO) released Report 2024-16 (the “Report”) entitled *Montgomery County’s Public Election Fund*. The Report compares the County’s system of public campaign financing to those of other jurisdictions and puts forward several recommendations for the Council’s consideration. [OLO Report: 2024-16: Montgomery County’s Public Election Fund](#)

Recommendations include:

- #1. Alter the PEF law to clarify the language around CPI-based adjustments to program limits and remove the requirement in the law for a Public Election Fund Committee.
- #2. Ask the Executive to clarify the scope of the audit requirement in executive regulations.
- #3. Review and potentially revise the maximum contribution limit for publicly funded candidates in Montgomery County.
- #4. Discuss and consider whether differences in the programs in the other Maryland jurisdictions could enhance Montgomery County’s PEF if implemented here.
- #5. Ask the State Board of Elections for clarification of how the boundaries set in state and County law impact outside organizations’ campaign activities and interactions with PEF candidates.

## **BILL SPECIFICS**

The bill would accomplish three purposes. First, it would increase from \$5,000 to \$10,000 the amount of funds a certified candidate may retain in certain circumstances for post-election expenses. The \$10,000 amount would be increased every four years based upon inflation.

Second, the bill would clarify how to calculate the Consumer Price Index adjustment that already applies to total campaign finance disbursements from the public fund and individual contribution limits, and that will apply to the retention amounts. Beginning in July 2028, and every fourth July thereafter, the adjusted limit would be “the amount of the existing limit increased by the average of the Consumer Price Index for the 4 calendar years preceding the adjustment.” The adjusted limits would be published by the Chief Administrative Officer by March 1 of the year preceding the adjustment.

Third, the bill would provide technical corrections throughout Chapter 16.

## SUMMARY OF IMPACT STATEMENTS

**Fiscal impact.** According to the Office of Management and Budget, “The proposed revision to the Public Campaign Finance system is expected to increase County expenditures by approximately \$230,000 in FY30.”

**Racial equity and social justice.** The Office of Legislative Oversight (OLO) anticipates Bill 20-24 will have a minimal impact on racial equity and social justice (RESJ) in the County. Public Election Fund candidates who are racially and ethnically representative of the County’s demographics will likely benefit from being able to retain more funds for interim campaign expenses before the next election. However, should the retention amount continue to increase, the disadvantage this could create for future community members who are interested in running for office could negatively affect the political representation of Black, Indigenous, and other people of color (BIPOC).

**Economic impact.** The Office of Legislative Oversight (OLO) anticipates that Bill 20-24 would have a minor positive impact on economic conditions in the County in terms of the Council’s priority economic indicators. By increasing the amount of allowable post-election expenses from \$5,000 to \$10,000 and adjusting it to inflation every four years, the Bill likely would lead to minor gains in revenues and income for certain businesses based in the County that provide goods and services directly related to election campaign activities, such as printing services, office supplies, and advertisement.

**Climate assessment.** Not available as of the submission of this memorandum. The assessment will be available at [Racial Equity and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight- Montgomery County, Maryland](#).

## SUMMARY OF PUBLIC TESTIMONY

The League of Women Voters of Montgomery County, Maryland supports the enactment of Bill 20-24.

## ISSUES FOR THE COMMITTEE’S CONSIDERATION

In light of the OLO Report issued on October 22, 2024, as well as additional feedback from the Department of Finance, the Committee might wish to consider the following potential amendments to Bill 20-24.

### **1. Remove the Requirement for a Public Election Financing Committee – Potential Amendment**

OLO has recommended removing the requirement under the law to have a Public Election Financing (PEF) Committee. The Committee has had no members since 2022 despite recruitment efforts by the County. In addition, the recommendations of the Committee to date have not informed budgetary decisions regarding campaign financing. *See* Recommendation #1B at page 138 of the Report.

To remove the PEF Committee requirement, the Committee could consider the following amendment.

*Amend lines 167-177 to read as follows.*

**16-31. [[Public Election Fund Committee]] Reserved.**

[[a) *Committee established.* The Public Election Fund Committee is 7 members appointed by the County Council for a 4-year term beginning on May 1 of the first year of the Council's term of office. A vacancy occurring before the end of a term must be filled by appointment for the remainder of the term. The Council must ask the County Executive to recommend within 30 days one or more qualified applicants before making any appointment.]]

[[b) *Membership; officers.*

- (1) Each member must be a resident of the County while serving on the Committee.
- (2) No more than 3 members may be from the same political party.
- (3) The members should reflect the diversity of the County.
- (4) The Council must designate the chair and vice-chair.]]

[[c) *Compensation.* Each member must serve without compensation, but may be reimbursed for travel and dependent care expenses.]]

[[d) *Duties.* The Committee must:

- (1) estimate the funds necessary to implement the public campaign finance system; and
- (2) conduct public outreach and education activities to raise awareness of the public campaign financing system.]]

[[e) *Annual report.* The Committee must issue a report to the Council on or before January 30 each year that:

- (1) identifies the estimated funds necessary to implement the public campaign financing system;
- (2) recommends an appropriation to the Public Election Fund for the following fiscal year; and
- (3) identifies the public outreach and education activities undertaken in the prior calendar year.]]

[[f) *Staff support.* The Executive Director of the Office of the County Council must provide staff support for the Committee.]]

## **2. Individual Donor Contribution Limits – Potential Amendment**

In its Report, OLO found that traditionally funded candidates in Montgomery County, who do not participate in the Public Election Fund, can raise \$24 for every \$1 raised by a publicly funded candidate in the PEF. This ratio is an outlier compared to other jurisdictions.

In six of the seven public campaign finance programs outside of Maryland that OLO analyzed, traditionally funded candidates can raise \$1-\$2 for every \$1 raised by a publicly funded candidate. In the District of Columbia, traditionally funded candidates can raise \$10 for every \$1 raised by a publicly funded candidate. *See* Recommendation #3 at page 139 of the Report.

To address the discrepancy identified by OLO, Chair Stewart, with the support of Councilmember Fani-González, intends to propose an amendment to increase the individual contribution limit from \$250 to \$500. The match would continue to apply only the first \$150. This amendment would bring the ratio of publicly financed candidates to traditionally funded candidates to \$12 to \$1, compared to the \$24 to \$1 that it is now.

*Amend lines 52-56 to read as follows.*

- (c) *Qualifying contribution limits.* A certified candidate may continue to collect qualifying contributions and submit a request for a matching public contribution up to, and including, the day of a primary or a general election. A qualifying contribution must not exceed ~~[[\$250]]~~ \$500 from any individual in the aggregate during a 4-year election cycle.

*Amend lines 89-100 to read as follows.*

An applicant candidate or a participating candidate must not:

\* \* \*

- (b) accept private contributions from an individual in an aggregate greater than [\\$150] [[\\$250]] \\$500 during a 4-year election cycle, or the maximum amount of an eligible contribution, as adjusted by Section [16-23(i)] 16-23(j);

### **3. Matching Funds – Potential Amendment**

With respect to matching funds, OLO found that Montgomery County provides substantially lower matching fund amounts to publicly financed candidates than Howard County, Baltimore City, and Prince George’s County. Specifically, OLO calculated matching funds based on each jurisdictions’ formula for contribution amounts of \$25, \$50, \$75, \$100, \$125 and \$150. Matching funds for candidates in Montgomery County:

- Are \$25-\$75 less at every contribution level compared to Baltimore City;
- Are \$25-\$50 less compared to Howard County at all contribution levels except \$150; and
- Are \$25 less compared to Prince George’s County at the \$25 and \$75 contribution levels.

See pages 139-140 of the Report.

The Committee might wish to consider amending the bill to increase the matching amounts, in order to be more in line with comparable jurisdictions. A potential amendment by Chair Stewart, and supported by Councilmember Fani-González, is below for the Committee’s consideration.

The amendment would alter the match ratio for the first \$50 of a qualifying contribution; the ratio for the County Executive would increase from 6:1 to 7:7, and the ratio for Councilmembers would increase from 4:1 to 5:1. Accordingly, the match for the Executive, for the first \$50, would be \$350, and the match for a Councilmember, for the first \$50, would be \$250.

*Amend lines 22-44 as follows.*

- (a) *Matching amounts.* The Director must distribute a public contribution from the Fund to each certified candidate in a contested election only during the distribution period as follows:
- (1) for a certified candidate for County Executive, the matching dollars must equal:
- (A) [\\$6] \\$7 for each dollar of a qualifying contribution received for the first \$50 of each qualifying contribution;

- (B) \$4 for each dollar of a qualifying contribution received for the second \$50 of each qualifying contribution;
  - (C) \$2 for each dollar of a qualifying contribution received for the third \$50 of each qualifying contribution; and
  - (D) \$0 for each dollar of a qualifying contribution received for the remainder of each qualifying contribution[.]; and
- (2) for a certified candidate for County Council, the matching dollars must equal:
- (A) [~~\$4~~] \$5 for each dollar of a qualifying contribution received for the first \$50 of each qualifying contribution;
  - (B) \$3 for each dollar of a qualifying contribution received for the second \$50 of each qualifying contribution;
  - (C) \$2 for each dollar of a qualifying contribution received for the third \$50 of each qualifying contribution; and
  - (D) \$0 for each dollar of a qualifying contribution received for the remainder of each qualifying contribution.

#### **4. Candidate Affiliation – Potential Amendment**

OLO (at pages 140-141 of the Report) has pointed out that although state regulations governing local jurisdictions’ public campaign finance programs prohibit participating candidates from being part of a “slate committee” – a “political committee of two or more candidates who join together to conduct and pay for joint campaign activities” – state regulations do allow publicly funded candidates to “affiliate” with other candidates with restrictions:

A candidate who accepts public funds may affiliate with any other candidate, including non-publicly financed candidates, on campaign material if:

1. The authorized candidate campaign committee established in §A of this regulation makes a direct disbursement to the payee for its share of the costs of the campaign material; and

2. The campaign material displays the authority line of the authorized candidate campaign committee established in §A of this regulation. COMAR § 33.13.14.03(F).

OLO notes that the public campaign finance programs in Howard County, Baltimore City, Prince George's County, and Baltimore County all explicitly allow candidates to affiliate with other candidates.

If the Committee wishes to permit candidate affiliation, as permitted under state law, it could consider the following amendment, which is supported by Chair Stewart and Councilmember Fani-González.

*After line 115, insert the following:*

- (i) Candidate affiliation. A candidate who accepts a public contribution may affiliate with any other candidates, including non-publicly financed candidates, on campaign material if:
  - (1) the authorized campaign finance entity makes a direct disbursement to the payee for its share of the costs of the campaign material; and
  - (2) the campaign material displays the authority line of the authorized campaign finance entity.

#### **4. Calculation of CPI Increases – Potential Amendment**

The Department of Finance has requested an amendment to clarify how to calculate the CPI adjustments to the limits on total campaign finance disbursements from the public fund and on individual contributions. Under the amendment, the Department would determine the cumulative percentage change in the CPI over the four-year period. The Department then would multiply that percentage by the existing limit to determine the appropriate increase.

*Amend lines 70-72 and lines 141-143 to read as follows.*

- (3) The adjusted limit must be equal to the [[amount of the existing]] current limit [[increased]] multiplied by the [[average]] outcome of the most recent published Consumer Price Index [[for the]] at the time of the adjustment divided by the annual value of the Consumer Price Index from 4 calendar years [[preceding the adjustment]] prior to the current year.

## 5. Timing of CPI Adjustments – Potential Amendment

In its Report, OLO recommended that – because the CPI adjustments were not made in 2022 – the Council might wish to require the Chief Administrative Officer to adjust the limits shortly after the bill’s adoption and in advance of the 2026 election cycle. OLO suggests that, after an initial adjustment, the adjustments would take place on July 1, 2028 and every four years thereafter. *See Recommendation #1A at page 137 of the Report.*

To implement OLO’s suggestion, the Committee could consider the following amendment.

*Amend lines 58-65 to read as follows.*

(j) *Consumer Price Index adjustment.*

(1) [The] Effective July 1, 2025, July 1, 2028, and July 1 of each subsequent fourth year, the Chief Administrative Officer must adjust the public contribution limits established in Subsection (a)(3) and the eligible contribution limit established in Subsection (c)[, effective July 1, 2022, and July 1 of each subsequent fourth year, by the annual average increase, if any, in the Consumer Price Index for the previous 4 calendar years].

*Amend lines 135-138 to read as follows.*

(c) *Consumer Price Index adjustment.*

(1) Effective July 1, 2025, July 1, 2028, and July 1 of each subsequent fourth year, the Chief Administrative Officer must adjust the retention limit under Subsection (b).

**Next step:** Recommendation on whether to enact Bill 20-24.

<u>This packet contains:</u>	<u>Circle #</u>
Bill 20-24	1-8
Fiscal Impact Statement	9-10
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Bill No. 20-24  
Concerning: Public Campaign Financing  
- Amendments  
Revised: 9/9/2024 Draft No. 4  
Introduced: September 17, 2024  
Expires: December 7, 2026  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: \_\_\_\_\_  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsors: Councilmember Glass, Council Vice-President Stewart, and Councilmembers Fani-González, Albornoz, Mink, Balcombe, and Sayles

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**AN ACT** to:

- (1) increase the maximum amount of funds a certified candidate may retain to pay post-election expenses;
- (2) require periodic adjustments to permissible contribution limits and retention amounts based upon the Consumer Price Index;
- (3) make updates and technical corrections throughout the public campaign financing law; and
- (4) generally amend the County law related to public campaign financing.

By amending

Montgomery County Code  
Chapter 16, Public Campaign Financing  
Sections 16-18, 16-23, 16-24, 16-27, 16-30, and 16-31

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*



- 27 (A) \$6 for each dollar of a qualifying contribution received for
- 28 the first \$50 of each qualifying contribution;
- 29 (B) \$4 for each dollar of a qualifying contribution received for
- 30 the second \$50 of each qualifying contribution;
- 31 (C) \$2 for each dollar of a qualifying contribution received for
- 32 the third \$50 of each qualifying contribution; and
- 33 (D) \$0 for each dollar of a qualifying contribution received for
- 34 the remainder of each qualifying contribution[.]; and

35 (2) for a certified candidate for County Council, the matching dollars  
36 must equal:

- 37 (A) \$4 for each dollar of a qualifying contribution received for
- 38 the first \$50 of each qualifying contribution;
- 39 (B) \$3 for each dollar of a qualifying contribution received for
- 40 the second \$50 of each qualifying contribution;
- 41 (C) \$2 for each dollar of a qualifying contribution received for
- 42 the third \$50 of each qualifying contribution; and
- 43 (D) \$0 for each dollar of a qualifying contribution received for
- 44 the remainder of each qualifying contribution.

45 (3) The total public contribution payable to a certified candidate for  
46 either a primary or a general election must not exceed:

- 47 (A) \$750,000 for a candidate for County Executive;
- 48 (B) \$250,000 for a candidate for At Large Councilmember;
- 49 and
- 50 (C) \$125,000 for a candidate for District Councilmember.

51 \* \* \*

52 (c) *Qualifying contribution limits.* A certified candidate may continue to  
53 collect qualifying contributions and submit a request for a matching

54 public contribution up to, and including, the day of a primary or a general  
 55 election. A qualifying contribution must not exceed \$250 from any  
 56 individual in the aggregate during a 4-year election cycle.

57 \* \* \*

58 (j) *Consumer Price Index adjustment.*

59 (1) [The] Effective July 1, 2028 and July 1 of each subsequent fourth  
 60 year, the Chief Administrative Officer must adjust the public  
 61 contribution limits established in Subsection (a)(3) and the  
 62 eligible contribution limit established in Subsection (c)[,  
 63 effective July 1, 2022, and July 1 of each subsequent fourth year,  
 64 by the annual average increase, if any, in the Consumer Price  
 65 Index for the previous 4 calendar years].

66 (2) The Chief Administrative Officer must calculate [the  
 67 adjustment] each adjusted limit to the nearest multiple of \$10[,  
 68 and must publish the amount of this adjustment not later than  
 69 March 1 of each fourth year].

70 (3) The adjusted limit must be equal to the amount of the existing  
 71 limit increased by the average of the Consumer Price Index for  
 72 the 4 calendar years preceding the adjustment.

73 (4) The Chief Administrative Officer must, by March 1 of the year  
 74 preceding an adjustment:

75 (A) notify in writing the State Board of Elections and the  
 76 County Council of the adjusted limits; and

77 (B) publish the adjusted limits on the County website.

78 **16-24. Use of public contribution.**

79 (a) Except as provided in Section 16-27, a participating candidate may  
 80 [only] use the eligible contributions and the matching public

81 contribution for a primary or general election only for expenses  
 82 incurred for the election. A participating candidate must not pay in  
 83 advance for goods and services to be used after certification with non-  
 84 qualifying contributions received before applying for certification  
 85 unless the expenditure is permitted by Executive regulation adopted  
 86 under Section 16-21.

87 \* \* \*

88 **16-26. Applicant and participating candidate restrictions.**

89 An applicant candidate or a participating candidate must not:

- 90 (a) accept a private contribution from any group or organization, including  
 91 a political action committee, a corporation, a labor organization, or a  
 92 State or local central committee of a political party, except that an  
 93 applicant candidate or a participating candidate may, subject to  
 94 subsection (h), accept in-kind contributions from a State central  
 95 committee of a political party, and from a Montgomery County central  
 96 committee of a political party;
- 97 (b) accept private contributions from an individual in an aggregate greater  
 98 than [~~\$150~~] \$250 during a 4-year election cycle, or the maximum  
 99 amount of an eligible contribution, as adjusted by Section [16-23(i)]  
 100 16-23(j);
- 101 (c) pay for any campaign expense after filing a notice of intent with the  
 102 Board to seek public funding with any campaign finance account other  
 103 than the candidate’s publicly funded campaign account;
- 104 (d) be a member of a slate in any election in which the candidate receives  
 105 a public contribution;
- 106 (e) accept a loan from anyone other than the candidate or the candidate’s  
 107 spouse;

108 (f) solicit funds for a State or a Montgomery County central committee of  
109 a political party; or

110 (g) transfer funds:

111 (1) to the candidate’s publicly funded campaign account from any  
112 other campaign finance entity established for the candidate; and

113 (2) from the candidate’s publicly funded campaign account to any  
114 other campaign finance entity.

115 \* \* \*

116 **16-27. Return of unspent funds; retention of funds.**

117 (a) Except as provided in subsection (b):

118 (1) within 90 days after the County Board certifies the results of the  
119 primary election, a participating candidate who is not certified to  
120 be on the ballot for the general election must return any unspent  
121 money in the candidate’s publicly funded campaign account to  
122 the Fund; and

123 (2) within 90 days after the County Board certifies the results of the  
124 general election, a participating candidate must return any  
125 unspent money in the candidate’s publicly funded campaign  
126 account to the Fund.

127 (b) A certified candidate may retain funds to pay for post-election expenses  
128 if:

129 (1) the retained funds do not exceed [~~\$5,000~~] \$10,000;

130 (2) the candidate files a new declaration of intent to participate in the  
131 public campaign financing system for the 4-year next election  
132 cycle by January 31 the year after the election; and

133 (3) [~~keep~~] the candidate keeps the same campaign finance entity  
134 open.

- 135           (c)    Consumer Price Index adjustment.
- 136               (1)    Effective July 1, 2028 and July 1 of each subsequent fourth year,  
 137               the Chief Administrative Officer must adjust the retention limit  
 138               under Subsection (b).
- 139               (2)    The Chief Administrative Officer must calculate each adjusted  
 140               limit to the nearest multiple of \$10.
- 141               (3)    The adjusted limit must be equal to the amount of the existing  
 142               limit increased by the average of the Consumer Price Index for  
 143               the 4 calendar years preceding the adjustment.
- 144               (4)    The Chief Administrative Officer must, by March 1 of the year  
 145               preceding an adjustment:
- 146                     (A)   notify in writing the State Board of Elections and the  
 147                     County Council of the adjusted limit; and
- 148                     (B)   publish the adjusted limit on the County website.

149   **16-30. Penalties.**

- 150           (a)    *Civil Violations.* Any violation of this Article is a Class A civil  
 151           violation. Each day a violation exists is a separate offense.
- 152           (b)    *Payment.* A fine may be paid by the campaign only if all public  
 153           contributions have been repaid to the Fund. Otherwise, the candidate or  
 154           officer found to be responsible for the violation is personally liable for  
 155           the fine.
- 156           (c)    *Additional penalties.*
- 157               (1)    In addition to the penalty specified in Subsection 16-30(a), a  
 158               certified or participating candidate must withdraw from the  
 159               public campaign financing system if the candidate intentionally  
 160               or knowingly provides falsified information, misrepresents a

161 material fact, or conceals relevant information to the Board, the  
162 Executive, or the Director under this Article.

163 (2) A candidate that must withdraw from the public campaign  
164 financing system under (c)(1) must abide by the withdrawal  
165 requirements in Section 16-25, including the repayment of any  
166 public contribution received.

167 **16-31. Public Election Fund Committee.**

168 \* \* \*

169 (e) *Annual report.* The Committee must issue a report to the Council on or  
170 before January 30 each year that:

171 (1) identifies the estimated funds necessary to implement the public  
172 campaign financing system;

173 (2) recommends an appropriation to the Public Election Fund for the  
174 following fiscal year; and

175 (3) identifies the public outreach and education activities undertaken  
176 in the prior calendar year.

177 \* \* \*

# Fiscal Impact Statement

Office of Management and Budget

## Bill 20-24

## Public Campaign Financing - Amendments

### Bill Summary

Bill 20-24 would amend the Public Campaign Finance system to require periodic adjustments to the permissible contribution limits. The adjustment would be equivalent 4-year inflation in the Consumer Price Index for All Urban Consumers (CPI-U) for the Washington-Arlington-Alexandria Core Based Statistical Area (CPI-U).

### Fiscal Impact Summary

The proposed revision to the Public Campaign Finance system is expected to increase County expenditures by approximately \$230,000 in FY30.

Fiscal Year	2026	2027	2028	2029	2030	2031	Total
Personnel Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$230,000	\$0	\$230,000
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$230,000</b>	<b>\$0</b>	<b>\$230,000</b>
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Impact</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$230,000)</b>	<b>\$0</b>	<b>(\$230,000)</b>
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

### Fiscal Impact Analysis

This FIS assumes that the change in the limit will be the current limit multiplied by the outcome of the current CPI-U index level divided by the CPI-U index level from four years prior.

The analysis relies on data from the Bureau of Labor Statistics on the CPI-U and the number of candidates in the 2018 and 2022 elections that received the maximum distributions from the Public Election Fund (PEF). The average of the 4-year cumulative increases in the CPI-U calculated each year since 1999 has been approximately ten percent.

The Department of Finance assumes that as a result of this bill the allowable maximum distribution from the PEF will increase by ten percent for the election that will be held in FY30; this is the only election within the analysis period after the changes proposed by this bill become effective at the start of FY28. The Department of Finance assumes that in the primary election in FY30, two county executive candidates, two at-large candidates, and two district candidates will receive the maximum distribution from the Public Election Fund. The Department of Finance assumes the remaining candidates will utilize funds less than the current limit. The Department of Finance further assumes that no candidate will receive the maximum distribution for the Public Election Fund for the general election scheduled to be held in FY30.

The number of candidates assumed to receive the maximum distribution is similar to the number of candidates at each level that received the maximum distribution in the in the primary and general elections in 2018 and 2022. The cost increase resulting from six candidates receiving a maximum distribution increased by ten percent at each office as compared to the current distribution levels is \$230,000.



<b>Staff Impact</b>	The Department of Finance anticipates that the current staff would be able to absorb the additional workload to implement this bill.
<b>Actuarial Analysis</b>	The bill is not expected to impact retiree pension or group insurance costs.
<b>Information Technology Impact</b>	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
<b>Other Information</b>	
<i>Later actions that may impact revenue or expenditures if future spending is projected</i>	The four-year rate of inflation may be different than assumed. The number of candidates receiving the maximum distribution may be different than assumed.
<i>Ranges of revenue or expenditures that are uncertain or difficult to project</i>	To generate an FIS, and after consultation with Council staff, Finance presumes, that lines 70 to 72 of the introduced legislation will change to the following language, or other language that serves the same purpose of clarifying the calculation: "The adjusted limit must be equal to the current limit multiplied by the outcome of the most recent published Consumer Price Index at the time of the adjustment divided by the annual value of the Consumer Price Index from four calendar years prior to the current year.
<b>Contributors</b>	Abdul Rauf, Office of Management and Budget David Crow, Department of Finance Todd-Fawley King, Department of Finance Dennis Hetman, Department of Finance Nancy Feldman, Department of Finance



# Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

## BILL 20-24: PUBLIC CAMPAIGN FINANCING – AMENDMENTS

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 20-24 will have a minimal impact on racial equity and social justice (RESJ) in the County. Public Election Fund candidates who are racially and ethnically representative of the County's demographics will likely benefit from being able to retain more funds for interim campaign expenses before the next election. However, should the retention amount continue to increase, the disadvantage this could create for future community members who are interested in running for office could negatively affect the political representation of Black, Indigenous, and other people of color (BIPOC).

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### PURPOSE OF RESJ IMPACT STATEMENTS

The purpose of RESJ impact statements (RESJIS) is to evaluate the anticipated impact of legislation on racial equity and social justice in the County. Racial equity and social justice refer to a **process** that focuses on centering the needs, leadership, and power of communities of color and low-income communities with a **goal** of eliminating racial and social inequities.<sup>1</sup> Achieving racial equity and social justice usually requires seeing, thinking, and working differently to address the racial and social inequities that have caused racial and social disparities.<sup>2</sup>

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### PURPOSE OF BILL 20-24

The Public Election Fund was established through the enactment of Bill 16-14 in September 2014. It provides public campaign financing for County Executive and County Council candidates with the goals of:<sup>3</sup>

- Encouraging greater voter participation in County elections;
- Increasing opportunities for more residents to run for office; and
- Reducing the influence of large contributions from businesses and organizations.

The purpose of Bill 20-24 is to make changes to the County's Public Election Fund. If enacted, Bill 20-24 would:<sup>4</sup>

- Increase the amount of funds a certified candidate may retain (in certain circumstances) for post-election expenses from \$5,000 to \$10,000 with this amount increasing every four years based upon inflation;
- Clarify how to calculate the Consumer Price Index adjustment for permissible contribution limits and retention amounts; and
- Make technical corrections throughout the public campaign financing law.

Bill 20-24, Public Campaign Financing – Amendments, was introduced by the Council on September 17, 2024.

This RESJIS builds on the RESJIS for Expedited Bill 45-21, Elections – Public Campaign Financing – Restrictions, which OLO published in December 2021.<sup>5</sup> Please refer to this RESJIS for background on campaign finance, political representation, and racial equity.

# RESJ Impact Statement

## Bill 20-24

### ANTICIPATED RESJ IMPACTS

After an election, local candidates who participate in the Public Election Fund (i.e., “PEF candidates”) can retain \$5,000 in unspent funds if they file a declaration that they intend to participate in the Public Election Fund in the next 4-year election cycle.<sup>6</sup> PEF candidates can use these funds for allowable campaign expenses, such as maintaining a campaign website.<sup>7</sup> If enacted, Bill 20-24 would increase the retention amount for unspent funds from \$5,000 to \$10,000.

To consider the anticipated impact of Bill 20-24 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

**For the first question**, OLO considered the demographics of PEF candidates in the near term (i.e., current PEF candidates) since they would benefit from retaining more unspent funds for interim campaign expenses. OLO also considered the demographics of future PEF candidates that could be disadvantaged by this change.

*Current PEF candidates.* Data from the 2022 election suggests that PEF candidates are likely racially and ethnically representative of the County’s population. Specifically, among 20 PEF candidates who ran for County Executive or County Council,<sup>8</sup> 60 percent (12 candidates) were BIPOC,<sup>9</sup> compared to 58.6 percent of the County population.<sup>10</sup> Conversely, 40 percent (8 candidates) were White,<sup>11</sup> compared to 41.1 percent of the County population.<sup>12</sup>

*Future PEF candidates.* Future PEF candidates would be disadvantaged by this change since they would not have the benefit of using public campaign funds before the start of the election cycle. As the County becomes more racially and ethnically diverse over time,<sup>13</sup> this could increasingly disadvantage BIPOC community members who are interested in running for office in the future.

**For the second question**, OLO considered how Bill 20-24 could address racial inequities in political representation. As described in the RESJIS for Bill 45-21, the changing racial and ethnic demographics of Councilmembers since the Public Election Fund was established suggest the Fund has enhanced BIPOC representation among local elected officials.<sup>14</sup> Because the amount is relatively small, allowing PEF candidates to retain \$5,000 more in funds for interim campaign expenses will likely not affect the Public Election Fund’s effectiveness in improving BIPOC political representation.

OLO anticipates Bill 20-24 will have a minimal impact on RESJ in the County. PEF candidates who are racially and ethnically representative of the County’s demographics will likely benefit from being able to retain more funds for interim campaign expenses before the next election. However, should the retention amount continue to increase, the disadvantage this could create for future community members who are interested in running for office could negatively affect BIPOC political representation.

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### RECOMMENDED AMENDMENTS

The Racial Equity and Social Justice Act requires OLO to consider whether recommended amendments to bills aimed at narrowing racial and social inequities are warranted in developing RESJ impact statements.<sup>15</sup> OLO anticipates Bill 20-24 will have a minimal impact on RESJ in the County. As such, OLO does not offer recommended amendments.

# RESJ Impact Statement

## Bill 20-24

### CAVEATS

Two caveats to this racial equity and social justice impact statement should be noted. First, predicting the impact of legislation on racial equity and social justice is a challenging analytical endeavor due to data limitations, uncertainty, and other factors. Second, this RESJ impact statement is intended to inform the legislative process rather than determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

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### CONTRIBUTIONS

OLO staffer Janmarie Peña, Performance Management and Data Analyst, drafted this RESJ impact statement.

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<sup>1</sup> Definition of racial equity and social justice adopted from “Applying a Racial Equity Lens into Federal Nutrition Programs” by Marlysa Gamblin, et.al. Bread for the World, and from Racial Equity Tools. <https://www.racialequitytools.org/glossary>

<sup>2</sup> Ibid.

<sup>3</sup> “Law,” Public Election Fund Committee, Montgomery County Council.

<sup>4</sup> [Introduction Staff Report for Bill 20-24](#), Montgomery County Council, Introduced September 17, 2024.

<sup>5</sup> [RESJIS for Expedited Bill 45-21](#), Office of Legislative Oversight, December 8, 2021.

<sup>6</sup> “Retention of Funds,” [Montgomery County Public Election Fund Summary Guide](#), Maryland State Board of Elections and Montgomery County Department of Finance, June 2021, pg. 40.

<sup>7</sup> Money in a publicly funded campaign account can be used for any expense that is directly related to election campaign activities. Refer to “Allowable Uses of Money,” Montgomery County Public Election Fund Summary Guide, pg. 38.

<sup>8</sup> [Public Election Fund Distribution and Balance Report as of July 31, 2022](#), Montgomery County Department of Finance.

<sup>9</sup> Candidates counted are Brandy Brooks, Laurie-Anne Sayles, Gabe Albornoz, Kristin Mink, Natali Fani-Gonzalez, Fatmata Barrie, Marice Morales, Omar Lazo, Brian Anleu, William Roberts, Robert Wu, and Ben Wikner

<sup>10</sup> [Table DP05](#), 2022 American Community Survey 5-Year Estimates, Census Bureau.

<sup>11</sup> Candidates counted are Hans Riemer, Marc Elrich, Evan Glass, Scott Goldberg, Marilyn Balcombe, Kate Stewart, Amy Ginsburg, and Andrew Einsmann.

<sup>12</sup> Table DP05.

<sup>13</sup> Janmarie Peña and Chitra Kalyandurg, “Demographic Change,” [OLO Report 2024-8: Community Engagement for Racial Equity and Social Justice](#), Office of Legislative Oversight, March 12, 2024, pgs. 14-18.

<sup>14</sup> RESJIS for Bill 45-21.

<sup>15</sup> Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council

# Economic Impact Statement

Montgomery County, Maryland

## Bill 20-24

## Public Campaign Financing – Amendments

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates that Bill 20-24 would have a minor positive impact on economic conditions in the County in terms of the Council’s priority economic indicators. By increasing the amount of allowable post-election expenses from \$5,000 to \$10,000 and adjusting it to inflation every four years, the Bill likely would lead to minor gains in revenues and income for certain businesses based in the County that provide goods and services directly related to election campaign activities, such as printing services, office supplies, and advertisement.

### BACKGROUND AND PURPOSE OF BILL 20-24

The Public Election Fund (PEF) was established through the enactment of Bill 16-14 in September 2014. It provides public campaign financing for County Executive and County Council candidates with the goals of:

- Encouraging greater voter participation in County elections;
- Increasing opportunities for more residents to run for office; and
- Reducing the influence of large contributions from businesses and organizations.

Bill 20-24 would amend the Public Election Fund by:

- Increasing the amount of funds a certified candidate may retain (in certain circumstances) for post-election expenses from \$5,000 to \$10,000 with this amount increasing every four years based upon inflation;
- Clarifying how to calculate the Consumer Price Index adjustment for permissible contribution limits and retention amounts; and
- Making technical corrections throughout the public campaign financing law.

Bill 20-24, Public Campaign Financing – Amendments, was introduced by the Council on September 17, 2024.

### INFORMATION SOURCES, METHODOLOGIES, AND ASSUMPTIONS

Per Section 2-81B of the Montgomery County Code, the purpose of this Economic Impact Statement is to assess, both, the impacts of Bill 20-24 on residents and private organizations in terms of the Council’s priority economic indicators and whether the Bill would have a net positive or negative impact on overall economic conditions in the County.<sup>1</sup>

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<sup>1</sup> Montgomery County Code, Sec. 2-81B.

For sources of information, this analysis relies on materials included in the Introduction Staff Report for the Bill and sources cited below. OLO does not use formal methodologies or make any assumptions in this analysis.

## VARIABLES

The primary variables that would affect the economic impacts of enacting Bill 20-24 are the following:

- Total amount of retained funds; and
- Percentage of funds spent on local businesses.

## IMPACTS

WORKFORCE ■ TAXATION POLICY ■ PROPERTY VALUES ■ INCOMES ■ OPERATING COSTS ■ PRIVATE SECTOR CAPITAL INVESTMENT ■ ECONOMIC DEVELOPMENT ■ COMPETITIVENESS

### Businesses, Non-Profits, Other Private Organizations

OLO anticipates that Bill 20-24 would have a minor positive impact on certain private organizations in the County in terms of the Council’s priority economic indicators.

Under current law, candidates who participate in the PEF can retain up to \$5,000 to pay for post-election expenses under certain conditions.<sup>2</sup> The allowable uses of money “are limited to expenses directly related to election campaign activities and expenses incurred during the specific time period for either the primary or general election.”<sup>3</sup> Common campaign expenses include staffing, administration, radio and television advertisement, campaign materials like signs, buttons, etc.<sup>4</sup>

By increasing the amount of allowable post-election expenses from \$5,000 to \$10,000 and adjusting it to inflation every four years, certain businesses in the County likely would benefit from the additional expenses. Businesses that provide printing services and office supplies as well as local radio stations likely would see higher revenues, which may increase business income.

Beyond these potential impacts, OLO does not expect the Bill to affect private organizations in terms of the Council’s other priority indicators.

### Residents

OLO anticipates that Bill 20-24 would have insignificant impacts on certain residents in the County in terms of the Council’s priority economic indicators.

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<sup>2</sup> The candidate “must file a new declaration of intent to participate in the public campaign financing system for the next 4-year election cycle by January 31 of the year after the election, and must keep the same campaign finance entity open during such time.” “Summary Guide: Public Election Fund Montgomery County, Maryland.”

<sup>3</sup> Ibid.

<sup>4</sup> “Summary Guide: Public Election Fund Montgomery County, Maryland”; “Day-to-Day Operating Expenditures.”

## Net Impact

OLO anticipates that Bill 20-24 would have a minor positive impact on economic conditions in the County in terms of the Council's priority economic indicators. By increasing the amount of allowable post-election expenses from \$5,000 to \$10,000 and adjusting it to inflation every four years, the Bill likely would lead to minor gains in revenues and income for certain businesses based in the County that provide goods and services directly related to election campaign activities, such as printing services, office supplies, and advertisement.

## DISCUSSION ITEMS

Not applicable

## WORKS CITED

FEC.gov. "Day-to-Day Operating Expenditures." Accessed October 8, 2024. <https://www.fec.gov/help-candidates-and-committees/making-disbursements/operating-expenditures-candidate/>.

Montgomery County Code. Sec. 2-81B, Economic Impact Statements (n.d.).  
[https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco\\_md/0-0-0-80894](https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-80894).

"Summary Guide: Public Election Fund Montgomery County, Maryland," June 2021.  
[https://www.montgomerycountymd.gov/BONDS/Resources/Files/PEF\\_Summary\\_Guide\\_2021\\_6.pdf](https://www.montgomerycountymd.gov/BONDS/Resources/Files/PEF_Summary_Guide_2021_6.pdf).

## CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

## AUTHOR

Stephen Roblin (OLO) prepared this report.

# Climate Assessment

Office of Legislative Oversight

## Bill 20-24: Public Campaign Financing - Amendments

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 20-24 will have no impact on the County's contribution to addressing climate change as it is proposing amendments to an existing law that does not impact climate change or climate resilience.

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### BACKGROUND AND PURPOSE OF BILL 20-24

The Public Election Fund was established through the enactment of Bill 16-14 in September 2014. It provides public campaign financing for County Executive and County Council candidates with the goals of:

- Encouraging greater voter participation in County elections;
- Increasing opportunities for more residents to run for office; and
- Reducing the influence of large contributions from businesses and organizations.<sup>1</sup>

Bill 20-24 would amend the Public Election Fund by:

- Increasing the amount of funds a certified candidate may retain (in certain circumstances) for post-election expenses from \$5,000 to \$10,000 with this amount increasing every four years based upon inflation;
- Clarifying how to calculate the Consumer Price Index adjustment for permissible contribution limits and retention amounts; and
- Making technical corrections throughout the public campaign financing law.<sup>2</sup>

Bill 20-24, Public Campaign Financing – Amendments, was introduced by the Council on September 17, 2024.

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### ANTICIPATED IMPACTS

As the bill proposes amendments to an existing law that does not impact the County's contribution to addressing climate change or climate resilience, OLO anticipates that Bill 20-24 will have no impact.

## RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.<sup>3</sup> OLO does not offer recommendations or amendments as Bill 20-24 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptive capacity.

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## CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

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## PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptive capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

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## CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

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<sup>1</sup> Montgomery County Council, [Bill 16-14](#), Enacted September 30, 2014.

<sup>2</sup> Montgomery County Council, [Introduction Report for Bill 20-24](#), Introduced September 17, 2024.

<sup>3</sup> Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022



October 8, 2024

**Letter to the Montgomery County Council**

**Re: Bill 20-24, Public Campaign Financing**

Dear Council Members:

Thank you for this opportunity to testify in support of Bill 20-24. The League of Women Voters of Montgomery County understands that this bill would make technical updates to the county's public campaign financing rules to better reflect today's economic realities. **The League continues to support public campaign finance and the council's updates to the current law.** We also appreciate the council listening to community organizations and residents when it comes to public campaign finance and we hope that we can continue to work together responsibly to promote public financing in our future elections.

Susan Albertine  
President