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House Committee Hearing Highlights Campaign Finance Loophole for New Slates

Bill introduced by Delegate Gerron Levi

(Annapolis, MD – March 16, 2010) -- The House Ways & Means Committee will convene a hearing today on a bill to close a loophole in the campaign finance reporting laws that allowed a new slate account in Prince George's County to transfer \$206,000 to a candidate without revealing the source of the money. HB 1383 would require new campaign slate accounts to disclose the source of their money whenever the new slate contributes more than \$6,000 to a candidate -- the current contribution limit for a Maryland political action committee (PAC). The hearing will be held at 1pm in Room 130 House Office Building.

Slates are campaign committees with at least two candidates. Campaign slates have long drawn criticism from campaign watchdog organizations in Maryland because unlike other campaign committees they can transfer unlimited sums to candidates on the slate without regard to the individual, corporate or PAC contribution limits.

"It can be argued that campaign slates, by design, allow unlimited contributions from the slate committee to an individual candidate," said Delegate Gerron Levi, who introduced HB 1383. "However, those slates were not designed to hide how the money was raised or the identity of the donors. The reason that the state requires campaign finance reporting is to ensure that all parties participating in Maryland elections are complying with the law -- raising money from legal sources, adhering to the campaign contribution limits and not exceeding them."

"Quite simply, if large sums of money can flow to candidates for public office, without the need to report the source, then there is no transparency," said Levi. "Candidates should not be able to hide the source of large amounts of money on campaign reports simply by filtering it through a new slate account."

The bill stems from the January campaign finance reporting of Prince George's County Executive Candidate Rushern Baker. Baker received a \$206,000 transfer from a new slate set up on January 5 called County 1 Now. The slate raised at least \$206,000 in eight days and transferred it to the Baker campaign on January 13. The slate was set up two days after campaign committees were required by law to receive a reminder notice to file their campaign finance reports ten days later. Because County 1 Now did not receive the reminder notice, the slate could contribute unlimited amounts of money to a candidate and avoid reporting the source of the money until the next campaign finance reporting period, in August in this case. The penalty for candidates who file a campaign finance report late, for example, after the September 14th primary is \$10 per day with a maximum penalty of \$250.

"I do not think it is unreasonable to expect that another slate will be formed just prior to election day that will pour in hundreds of thousands more, without anyone knowing where it came from until after the race is over," Levi said.

For more information about HB 1383, see the fiscal and policy note at:
http://mlis.state.md.us/2010rs/fnotes/bil_0003/hb1383.pdf

For more information about campaign committees see: <http://www.mdelections.org/>

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Where access and influence can be bought or there is a perception of it , "citizens are less willing to believe that the political system represents the electorate, exacerbating cynicism and weakening the legitimacy of government power." Randall v. Sorrell, 382 F.3d 91, 148 (2nd Cir. 2004).