



MARTIN O'MALLEY
GOVERNOR

STATE HOUSE
100 STATE CIRCLE
ANNAPOLIS, MARYLAND 21401-1925
410-974-3901
TOLL FREE 1-800-811-8336

TTY USERS CALL VIA MD RELAY

February 15, 2011

The Honorable Sheila E. Hixson
Chairman, House Ways and Means Committee
House Office Building, Room 131
Annapolis, MD 21401

Dear Chairman Hixson:

I am writing in support of House Bill 322, *Campaign Finance-Affiliated Business Entities-Attribution of Contributions* which states that contributions by two or more business entities shall be considered as being made by one contributor if one business entity is a wholly owned subsidiary of the another or if the business entities are owned or controlled by at least 80% of the same individuals or business entities. I support this common sense measure to close the current loopholes that allow individuals and/or limited liability corporations (LLCs) to exceed established campaign contribution limits.

Under current state law, corporations with multiple subsidiaries and affiliates, or multiple corporations with the same stockholders, are treated as a single entity that may contribute up to \$4,000 per candidate and \$10,000 overall to all candidates during a four-year election cycle. However, LLCs, regardless of their common ownership or common stockholders, are treated as separate unique entities. Therefore, each LLC can potentially contribute a maximum of \$4,000 per candidate and \$10,000 overall during an election cycle, thus allowing an individual who has an ownership stake in several LLCs the ability to donate more than the limits established for an individual and for other business entities. This gaping hole in the current law circumvents the intent of Maryland's campaign finance laws and treats LLCs differently than citizens and other corporate entities.

It should be noted that current law does not allow a person to create an LLC for the sole purpose of donating to a campaign; this is presently a violation of State election law. This bill provides additional clarity by establishing that LLCs which are intricately related or owned by essentially the same persons shall be treated as one contributor.

Since 1999, several bills have been introduced to address this inconsistency in the law, and the House has passed a version of this bill on several occasions. Yet, we have been unable close this gap and have thereby let several election cycles pass where LLCs have

continued to take advantage of this loophole. Transparency and disclosure are important principles in campaign finance law, and we need to insure that our laws are clear and applied equally to all that are affected.

We have set maximum contribution limits for individuals and business entities, and we should ensure these limits apply to all individuals and entities regardless of their legal status. Under current law, when affiliated LLCs contribute to campaign committees the public receives an incomplete view of who is making those contributions, which undermines our comprehensive disclosure and reporting requirements. It is my view that Maryland's laws would better meet the dual goals of transparency and accurate disclosure if this loophole is closed, and our campaign contribution limits were increased. Consequently, I ask that you issue a favorable report on this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin O'Malley". The signature is fluid and cursive, with a large initial "M" and "O".

Martin O'Malley

cc: Members of the Ways and Means Committee