

# 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.