

Pay to Play?

How Special Interests Seek Influence in Annapolis

A Common Cause Maryland "Follow the Money" Report, January 2017

Maryland's 2017 legislative session started with the usual excitement and fanfare. But it also was marked by a string of scandals – most notably FBI allegations of bribery against a Prince George's County delegate¹ – that raise questions about what it takes to gain influence in Annapolis.

Maryland is fortunate that ethics violations, such as bribery or acting for personal gain, are rare in the Statehouse. When corruption or collusion occurs, it deserves a strong, quick response. But it's not always clear when legal, regulated behavior by special interests crosses the line to become special, illegal influence. When does the voice of an interest group begin to drown out the voices of citizens?

Each year, Common Cause Maryland analyses industry spending on lobbying. Our report last May showed record levels of spending. From November 2015 through April 2016, industry outlays on lobbying jumped by almost \$1.5 million, reaching a record \$19,809,305. The top spenders included health care (\$4.5 million), utility and energy companies (\$1.8 million), development companies and organizations (\$1.6 million), insurance entities (\$1.2 million), and business groups (\$1.19 million). Sixty employers spent \$100,000 or more, 16 employers spent over \$200,000 and seven employers spent more than \$300,000.

An analysis of the top spenders reveals that Maryland has a multitude of systems that create opportunities for special interests to seek special influence. Strong examples of this include systems that created the casino licenses, medical marijuana dispensaries and liquor licenses in the counties. In each case, the enabling language creates a system in which a few chosen entities will become winners, whether by receiving a license or gaining permission to operate. And anytime there is a privatized, regulated industry there is an incentive for the entities involved to spend money to exert influence.

Last winter, Common Cause Maryland chose one industry to investigate in more depth: Bail bonds, the private companies that, for a fee, pledge money or property as bail for the appearance of persons accused in court. Our research on the bail industry demonstrates how private industry spending buys influence. CCMD examined campaign and lobbying spending by the industry, creating an interesting snapshot of how special interests operate.

Campaign Donations

The bail industry and its key members, use strategic campaign spending to build strategic relationships in Annapolis.

- Maryland is one of the top states for campaign donations by the bail bonds industry, ranking third behind only California and Florida, according to data from FollowtheMoney.org. In fact, when analyzing donations to individual candidates, our two largest recipients of bail bonds

¹ <http://wapo.st/2jyRVSm>

donations, Senator Bobby Zirkin and Delegate Joseph Vallario, are the second- and third-highest recipients in the United States.²

- Total giving by the bail bonds industry from 2011 to the present date was \$288,550. Giving in the last election cycle totaled \$153,300. Giving in the current election cycle is on track to massively overtake that number, having hit \$135,250 in just the first two years of the current cycle.
- Donations in just the last year totaled a staggering \$87,100. This included the first round of donations to Governor Hogan and Lt. Governor Rutherford, who received \$11,300 and \$6,000, respectively.
- Giving was focused on key legislators. Donations flowed primarily to the chairs of the committees that oversee the industry's legislation, Senator Zirkin and Delegate Vallario, as well as a leading Republican on the Senate committee, Senator Michael Hough. These gifts were fairly sizable as a percentage of these individuals' total fundraising. From 2011-2017, donations totaled:
 - \$78,200 to Zirkin. In the 2014 election cycle, the industry gave Zirkin \$37,000, or 11% of the \$338,525 raised by his campaign.
 - \$45,500 to Vallario; he received \$33,500 during the 2014 election cycle, or 13% of his total fundraising of \$255,983.
 - \$19,000 to Hough; he collected \$12,500 during the election cycle, or 4% of his total of \$315,127.

Lobbying Expenditures

The industry follows its election cycle by spending on direct lobbying during the legislative session. State Ethics reports reveal its thick field of lobbyists include some of the top names in Annapolis working for the industry, including Manis Canning & Associates; Gerard Evans Ltd.; Semmes, Bowen & Semmes; Venable; and the Maryland Bail Bond Association itself. Ethics reports show a much smaller set of organizations working on the other side of bail related issues: the American Civil Liberties Union, Baltimore Jewish Council, and Maryland State Bar Association.

One focus of the industry's expenditures during the session is on continued relationship-building, including an annual dinner for the 19 members of the House Judiciary Committee members. This event's costs ranged from \$3,256 in 2016 to \$5,139 in 2012. Total spending on the dinner topped \$20,447 over the last four years.³

Reforms Needed

Special interests use campaign contributions and lobbying expenditures to build relationships, to ensure legislators know their perspective on policy questions, and to be heard in the legislative process. As such, these expenditures are not inherently a concern. But when entities exert significantly more influence than the general public, or the people that their industry impacts, it creates an inequality in our democracy. Reforms to the cash bail system, which have been supported by advocates and even recommended by the courts, have failed to advance in the state legislature.

² <http://bit.ly/2j4EcUH>

³ <http://bsun.md/2jhurjK>

Common Cause Maryland supports three broad categories of reform that would ensure everyone has an equal voice in our legislative process:

- Phase out licensing schemes that create a privileged handful of awardees.
- Expand the prohibition on campaign donations by casino entities and operators to include all giving by regulated industries.
- Establish small-donor public financing programs for state legislators. These programs, as modeled in Montgomery County, prohibit giving by special interests and limit donation amounts, so that major donors can't gain leverage to seek favors later.

Governor Hogan's "Integrity in Government Initiative," a package of ethics and transparency reforms, advances many of these goals.⁴

[For More Information](#)

Common Cause Maryland has released a podcast with additional insight and information on this issue, available on iTunes and on our website.⁵ It is worth noting that the research was done in two phases: a thorough analysis of giving from 2011 through the annual report in 2016, and additional analysis done immediately after the 2017 reports were filed this January 18.

We would like to thank Mia Ehrenberg, our fall research intern, for her assistance on this project.

Founded in 1974, Common Cause Maryland is a nonpartisan, grassroots organization dedicated to restoring the core values of American democracy, reinventing an open, honest and accountable government that works in the public interest, and empowering ordinary people to make their voices heard.

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⁴ <http://bit.ly/2ka5WF4>

⁵ md.commoncause.org