

SENATE BILL 605

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11r1398
CF HB 1060

By: **Senators Raskin and Kittleman**

Introduced and read first time: February 4, 2011

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 24, 2011

CHAPTER _____

1 AN ACT concerning

2 **Campaign Finance Entities – Loans – Reporting Requirement and Penalties**

3 FOR the purpose of requiring a campaign finance entity that receives a loan under a
4 certain provision of law to report the receipt of the loan to the State Board of
5 Elections within a certain time period; requiring the State Board to post
6 information concerning the loan on the State Board Web site within a certain
7 time period; specifying that certain penalties assessed for a certain violation of
8 campaign contribution limits may be assessed against a lender, the candidate
9 whose campaign finance entity received the loan, or both; specifying that any
10 statute of limitations associated with the assessment of certain penalties begins
11 on expiration of the repayment deadline for a certain loan; providing for a
12 delayed effective date; and generally relating to loans received by campaign
13 finance entities.

14 BY repealing and reenacting, with amendments,
15 Article – Election Law
16 Section 13–230
17 Annotated Code of Maryland
18 (2010 Replacement Volume)

19 BY adding to
20 Article – Election Law
21 Section 13–604.1
22 Annotated Code of Maryland
23 (2010 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article – Election Law**

4 13–230.

5 (a) A loan to a campaign finance entity is considered a contribution in the
6 amount of the outstanding principal balance of the loan unless:

7 (1) the loan is from a financial institution or other entity in the
8 business of making loans; or

9 (2) the loan is to ~~the campaign finance entity of a candidate~~ AN
10 AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE and:

11 (i) repayment of the loan is personally guaranteed by the
12 candidate; and

13 (ii) the election cycle immediately following the election cycle in
14 which the loan was made has not ended.

15 (b) (1) Subject to subsection (c)(2) of this section, uncharged interest on a
16 loan is a contribution.

17 (2) Uncharged interest is the amount by which, during a reporting
18 period, the interest actually charged on the loan is less than the interest on the loan
19 computed at the prime rate applicable on the day the loan was made.

20 (c) (1) Subject to paragraph (2) of this subsection, the terms of a loan to a
21 campaign finance entity shall:

22 (i) be in writing;

23 (ii) include the lender's name, address, and signature;

24 (iii) state the schedule for repayment of the loan;

25 (iv) state the interest rate of the loan; ~~and~~

26 (V) BE SIGNED BY THE TREASURER OF THE CAMPAIGN
27 FINANCE ENTITY; AND

28 ~~(V)~~ (VI) be attached to the campaign finance report required of
29 the entity under Subtitle 3 of this title for the reporting period during which the loan
30 was made.

1 (2) (i) A loan by a candidate or the candidate's spouse to a
2 campaign finance entity of the candidate is not required to comply with paragraph (1)
3 of this subsection.

4 (ii) Unless a loan by a candidate or the candidate's spouse to a
5 campaign finance entity of the candidate complies with paragraph (1) of this
6 subsection:

7 1. the loan may not accrue interest;

8 2. any interest foregone on the loan is not a contribution
9 under subsection (b) of this section; and

10 3. the campaign finance entity is not subject to:

11 A. § 13–310(a) and (b) of this title so long as the loan has
12 an outstanding principal balance; and

13 B. subsection (a)(2)(ii) of this section.

14 (d) (1) A loan may not be made to a campaign finance entity of a
15 candidate, or accepted on behalf of the entity, without the express written consent of
16 the candidate.

17 (2) The written consent of the candidate constitutes the personal
18 guarantee of the candidate for repayment of the loan only if the document expressly so
19 provides.

20 (3) A copy of the candidate's written consent shall be:

21 (i) furnished to the lender when the loan is made; and

22 (ii) attached to the campaign finance report required of the
23 entity under Subtitle 3 of this title for the reporting period during which the loan was
24 made.

25 **(E) (1) A CAMPAIGN FINANCE ENTITY THAT RECEIVES A LOAN UNDER**
26 **SUBSECTION ~~(A)(2)~~ (A) OF THIS SECTION IN AN AMOUNT GREATER THAN \$4,000**
27 **SHALL FILE A STATEMENT CONTAINING A COPY OF THE TERMS OF THE LOAN**
28 **AND WRITTEN CONSENT OF THE CANDIDATE WITH THE STATE BOARD TO**
29 **DISCLOSE THE RECEIPT OF THE LOAN WITHIN 24 HOURS AFTER THE LOAN IS**
30 **RECEIVED.**

1 **(2) THE STATE BOARD SHALL POST THE INFORMATION**
2 **RECEIVED UNDER PARAGRAPH (1) OF THIS SUBSECTION ON THE STATE BOARD**
3 **WEB SITE WITHIN 24 HOURS AFTER THE STATEMENT IS RECEIVED.**

4 **13-604.1.**

5 **(A) IF A LOAN MADE UNDER § 13-230 OF THIS TITLE RESULTS IN A**
6 **VIOLATION OF § 13-226 OF THIS TITLE, THE PENALTY ASSESSED UNDER §§**
7 **13-603 OR 13-604 OF THIS SUBTITLE MAY BE ASSESSED AGAINST THE LENDER,**
8 **THE CANDIDATE WHOSE CAMPAIGN FINANCE ENTITY RECEIVED THE LOAN, OR**
9 **BOTH.**

10 **(B) ANY STATUTE OF LIMITATIONS ASSOCIATED WITH ASSESSING A**
11 **PENALTY UNDER SUBSECTION (A) OF THIS SECTION BEGINS ON EXPIRATION OF**
12 **THE REPAYMENT DEADLINE FOR THE LOAN.**

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 January 1, 2012.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.