

SENATE BILL 823

G1

5lr2455

By: **Senator Bates**

Introduced and read first time: February 23, 2015

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Election Laws – Loans to a Campaign Finance Entity**

3 FOR the purpose of prohibiting money received by a campaign finance entity from certain
4 persons from being considered a loan; altering the time period by which a campaign
5 finance entity must repay a loan; providing that the terms of a loan to a campaign
6 finance entity require that the loan be repaid by a certain date; specifying that
7 certain penalties assessed for a certain violation of campaign contribution limits may
8 be assessed against a lender, the candidate whose campaign finance entity received
9 the loan, or both; specifying that any statute of limitations associated with the
10 assessment of certain penalties begins on expiration of the repayment deadline for a
11 certain loan; and generally relating to loans to a campaign finance entity.

12 BY repealing and reenacting, with amendments,
13 Article – Election Law
14 Section 13–230
15 Annotated Code of Maryland
16 (2010 Replacement Volume and 2014 Supplement)

17 BY adding to
18 Article – Election Law
19 Section 13–604.1
20 Annotated Code of Maryland
21 (2010 Replacement Volume and 2014 Supplement)

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

24 **Article – Election Law**

25 13–230.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 (1)] the loan is from a financial institution or other entity in the business of
4 making loans[; or

5 (2) the loan is to the campaign finance entity of a candidate and:

6 (i) repayment of the loan is personally guaranteed by the candidate;
7 and

8 (ii) the election cycle immediately following the election cycle in
9 which the loan was made has not ended].

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

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

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

17 (i) be in writing;

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

19 (iii) state the schedule for repayment of the loan **AND REQUIRE**
20 **THAT THE LOAN BE REPAYED NO LATER THAN THE END OF THE 2ND YEAR OF THE**
21 **ELECTION CYCLE IMMEDIATELY FOLLOWING THE ELECTION CYCLE IN WHICH THE**
22 **LOAN WAS MADE;**

23 (iv) state the interest rate of the loan; and

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

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

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

31 1. the loan may not accrue interest;

