
By: **Senator Hughes**
Introduced and read first time: February 2, 2001
Assigned to: Economic and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Election Law - Campaign Loans by a Candidate or the Candidate's Spouse**

3 FOR the purpose of providing that certain loans by a candidate or the candidate's
4 spouse may not accrue interest and that such foregone interest may not be
5 deemed a contribution; exempting certain candidates from the requirement to
6 file a certain final campaign report by a certain date under certain
7 circumstances; providing for the application of this Act as to certain loans, and
8 the interest charges thereon, for certain loans in existence on the effective date
9 of this Act; and generally relating to the treatment of certain loans, and foregone
10 interest charges on certain loans, that are made by a candidate or the
11 candidate's spouse to the candidate's campaign.

12 BY repealing and reenacting, with amendments,
13 Article 33 - Election Code
14 Section 13-207
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 2000 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article 33 - Election Code
19 Section 13-208 and 13-401(a-1)
20 Annotated Code of Maryland
21 (1997 Replacement Volume and 2000 Supplement)

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

24 **Article 33 - Election Code**

25 13-207.

26 (A) (1) The contributions or loans of a candidate or the candidate's spouse to
27 the candidate's own campaign are not subject to the limitations of § 13-212 of this

1 subtitle, but must pass through the hands of the candidate's treasurer and be
2 reported as required in other provisions in this subtitle.

3 (2) Personal expenses of the candidate for filing fees, telegrams,
4 telephoning, travel, and board, shall not be considered contributions if paid for by the
5 candidate or the candidate's spouse.

6 (B) UNLESS A LOAN OF THE CANDIDATE OR THE CANDIDATE'S SPOUSE TO
7 THE CANDIDATE'S OWN CAMPAIGN COMPLIES WITH THE PROVISIONS OF § 13-208(B)
8 OF THIS SUBTITLE:

9 (1) THE LOAN MAY NOT ACCRUE INTEREST;

10 (2) ANY INTEREST FOREGONE ON THE LOAN MAY NOT BE DEEMED A
11 CONTRIBUTION UNDER § 13-208(D) OF THIS SUBTITLE; AND

12 (3) THE CANDIDATE IS NOT SUBJECT TO § 13-401(A-1) OF THIS TITLE SO
13 LONG AS THE LOAN HAS AN OUTSTANDING PRINCIPAL BALANCE.

14 13-208.

15 (a) No loan may be made to the campaign of a candidate, or accepted on behalf
16 of the campaign, without the express written consent of the candidate. Written
17 consent constitutes the personal guarantee of the candidate for repayment of the loan
18 only if it expressly so provides. A copy of the consent shall be furnished to the lender
19 at the time of the loan and attached to the appropriate campaign fund report required
20 by §§ 13-401 and 13-402 of this title.

21 (b) The terms of any loan to a candidate or political committee shall:

22 (1) Be in writing;

23 (2) Include the lender's name, address, and signature;

24 (3) State the schedule for repayment of the loan;

25 (4) State the interest rate of the loan; and

26 (5) Be attached to the appropriate campaign fund report.

27 (c) A loan to a candidate or political committee shall be considered a
28 contribution in the amount of the outstanding principal balance of the loan unless:

29 (1) The loan is from a financial institution or other entity in the business
30 of making loans; or

31 (2) The loan is to a candidate or a candidate's campaign committee, its
32 repayment is personally guaranteed by the candidate, and the loan is repaid by the
33 end of the next election cycle.

1 (d) If interest on a loan is not charged or is charged at a rate less than the
2 prime rate on the day that the loan is made, the amount of the interest computed at
3 the prime rate less the amount of the interest actually charged shall constitute a
4 contribution that is subject to the reporting requirements and limitations of this
5 subtitle.

6 13-401.

7 (a-1) (1) This subsection applies to an individual who:

8 (i) Is not an officeholder or a candidate for election to public or
9 party office, and each political committee affiliated with that individual; and

10 (ii) After payment of all outstanding debts or deficits in connection
11 with an election campaign, has a balance of surplus funds in a campaign account.

12 (2) An individual described in paragraph (1) of this subsection shall file a
13 final report under this section to close out the campaign accounts of the individual,
14 and each political committee affiliated with the individual, by the expiration of the
15 eighth year following the latter of:

16 (i) The end of the individual's most recent term of office;

17 (ii) The date of the election in which the individual last was a
18 candidate; or

19 (iii) The extinguishment of every debt or the deficit incurred in
20 connection with the campaign that is payable from the account.

21 (3) Prior to filing the final campaign report required under paragraph
22 (1) of this subsection, a person subject to paragraph (1) of this subsection shall dispose
23 of any funds in accordance with § 13-206(d) of this title.

24 SECTION 2. AND BE IT FURTHER ENACTED, That a candidate who, on the
25 effective date of this Act, has outstanding a loan that the candidate or the candidate's
26 spouse has made to the candidate's campaign, shall, on the first campaign finance
27 report that the candidate is required to file following the effective date of this Act, as
28 to each outstanding loan:

29 (1) File the information for the loan required by Article 33, § 13-401(a-1)
30 of the Code; or

31 (2) Affirm that no interest is being charged, nor will any interest be paid,
32 to the candidate or to the candidate's spouse on the loan.

33 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 October 1, 2001.