

SENATE BILL 708

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

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 20, 2001

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CHAPTER \_\_\_\_\_

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

14 BY repealing and reenacting, with amendments,  
15 Article 33 - Election Code  
16 Section 13-207 and 13-208  
17 Annotated Code of Maryland  
18 (1997 Replacement Volume and 2000 Supplement)

19 BY repealing and reenacting, without amendments,  
20 Article 33 - Election Code  
21 Section ~~13-208~~ and 13-401(a-1)  
22 Annotated Code of Maryland  
23 (1997 Replacement Volume and 2000 Supplement)

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

3 **Article 33 - Election Code**

4 13-207.

5 (A) (1) The contributions or loans of a candidate or the candidate's spouse to  
6 the candidate's own campaign are not subject to the limitations of § 13-212 of this  
7 subtitle, but must pass through the hands of the candidate's treasurer and be  
8 reported as required in other provisions in this subtitle.

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

12 (B) ~~UNLESS A LOAN OF BY THE CANDIDATE OR THE CANDIDATE'S SPOUSE TO~~  
13 ~~THE CANDIDATE'S OWN CAMPAIGN COMPLIES WITH THE PROVISIONS OF § 13-208(B), §~~  
14 ~~13-208(B)(2) OF THIS SUBTITLE:~~

15 (1) THE LOAN MAY NOT ACCRUE INTEREST;

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

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

20 13-208.

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

27 (b) (1) A LOAN BY A CANDIDATE OR THE CANDIDATE'S SPOUSE TO THE  
28 CANDIDATE'S OWN CAMPAIGN IS NOT REQUIRED TO COMPLY WITH THE  
29 REQUIREMENTS SET FORTH IN PARAGRAPH (2) OF THIS SUBSECTION.

30 (2) The terms of any loan to a candidate or political committee shall:

31 (⊕) (I) Be in writing;

32 (⊖) (II) Include the lender's name, address, and signature;

33 (⊗) (III) State the schedule for repayment of the loan;

34 (⊕) (IV) State the interest rate of the loan; and

1           ~~(S)~~    (V)    Be attached to the appropriate campaign fund report.

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

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

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

9           (d)    ~~IF EXCEPT AS PROVIDED IN § 13-207(B) OF THIS SUBTITLE, IF~~ interest on a  
10 loan is not charged or is charged at a rate less than the prime rate on the day that the  
11 loan is made, the amount of the interest computed at the prime rate less the amount  
12 of the interest actually charged shall constitute a contribution that is subject to the  
13 reporting requirements and limitations of this subtitle.

14 13-401.

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

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

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

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

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

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

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

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

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

1                   (1)       File the information for the loan required by Article 33, ~~§ 13-401(a-1)~~  
2 § 13-208(b) of the Code; or

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

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