

HOUSE BILL 362

G1

71r2377

By: **Delegate Cardin**

Introduced and read first time: February 2, 2007

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2007

CHAPTER _____

1 AN ACT concerning

2 **Elections – Campaign Finance – ~~Candidate and Slate Relations~~ Candidates**

3 FOR the purpose of requiring a candidate to establish an authorized political
4 committee before filing a declaration of intent; requiring the State Board of
5 Elections to assume certain duties of local boards of elections; prohibiting a
6 political committee from engaging in campaign finance activity without filling
7 certain offices of the political committee; ~~requiring a candidate or officer of a~~
8 ~~slate to file a certain written notice with the State Board before a candidate~~
9 ~~may receive funds or transfer funds from the slate; requiring the State Board to~~
10 ~~remove a candidate from a slate after receiving written notice from the~~
11 ~~candidate or an officer of the slate; specifying that a candidate shall remain a~~
12 ~~member of a slate until certain written notice is received;~~ requiring a designated
13 campaign account to make campaign funds available at all times; requiring that
14 a designated campaign account not impose a penalty in certain situations;
15 requiring that only the treasurer of the political committee may have signatory
16 authority over the campaign account; specifying that the treasurer of the
17 campaign finance entity shall make certain reimbursements; repealing certain
18 exemptions; clarifying that a campaign finance entity may not directly or
19 indirectly use campaign funds for the personal use of the candidate or certain
20 officers of the campaign finance entity; clarifying which expenditures a
21 treasurer of a campaign finance entity may authorize; requiring a certain

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 campaign finance report to be made under oath and to the State Board;
 2 requiring a campaign finance entity that receives certain contributions or
 3 makes certain expenditures to notify the State Board within a certain time;
 4 requiring a campaign finance entity to notify the State Board within a certain
 5 time after its participation in an election under certain circumstances;
 6 specifying a certain penalty for violation of certain participation and notification
 7 requirements; repealing a redundant section; repealing a requirement that all
 8 campaign finance reports be filed in duplicate; clarifying when certain notice
 9 requirements of failure to file a campaign finance report are satisfied; making
 10 certain stylistic changes; and generally relating to provisions of the election law
 11 governing campaign finance requirements for a candidate ~~or a slate~~.

12 BY repealing and reenacting, with amendments,
 13 Article – Election Law
 14 Section 1–101(mm), 13–202(b), 13–207, ~~13–209~~, 13–220, 13–245, 13–304,
 15 13–305(b), 13–309, 13–322, 13–328, 13–331, and 13–335
 16 Annotated Code of Maryland
 17 (2003 Volume and 2006 Supplement)

18 BY repealing
 19 Article – Election Law
 20 Section 13–316 and 13–317
 21 Annotated Code of Maryland
 22 (2003 Volume and 2006 Supplement)

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

25 **Article – Election Law**

26 1–101.

27 (mm) “Responsible officers” means the [chairman] **CHAIR** and treasurer of a
 28 political committee.

29 13–202.

30 (b) An individual may not file a certificate of candidacy **OR DECLARATION**
 31 **OF INTENT** until the individual establishes, or causes to be established, an authorized
 32 political committee.

33 13–207.

1 (a) This section applies to a political committee other than a political club.

2 (b) A political committee may not receive or disburse money or any other
3 thing of value unless the political committee is established in accordance with the
4 requirements of this section.

5 (c) To establish a political committee:

6 (1) a [chairman] **CHAIR** and a treasurer shall be appointed on a form
7 that the State Board prescribes and that is signed by the [chairman] **CHAIR** and
8 treasurer and includes:

9 (i) the residence addresses of the [chairman] **CHAIR** and the
10 treasurer; and

11 (ii) the information required by § 13-208 of this subtitle; and

12 (2) the form shall be filed with the [board where the political
13 committee is required to file campaign finance reports] **STATE BOARD**.

14 (d) **THE CHAIR AND TREASURER SHALL NOTIFY THE STATE BOARD OF**
15 **A CHANGE OF RESIDENCE OR MAILING ADDRESS, OR BOTH, WITHIN 30 DAYS**
16 **AFTER THE CHANGE.**

17 (E) (1) A [chairman] **CHAIR** or treasurer of a political committee may
18 resign by completing a resignation form that the State Board prescribes and filing the
19 form with the [board where the political committee was established] **STATE BOARD**.

20 (2) If a vacancy occurs in the office of [chairman] **CHAIR** or the office
21 of treasurer, the political committee promptly shall appoint a new [chairman] **CHAIR**
22 or treasurer in accordance with this section.

23 (3) **A POLITICAL COMMITTEE MAY NOT ENGAGE IN CAMPAIGN**
24 **FINANCE ACTIVITY WHILE A VACANCY EXISTS IN THE OFFICE OF CHAIR OR**
25 **TREASURER.**

26 ~~13-209.~~

27 ~~(a) Two or more candidates who have established separate campaign finance~~
28 ~~entities may form a slate.~~

1 ~~(b) After establishing a campaign finance entity in accordance with~~
 2 ~~§ 13-202(b) of this subtitle, a candidate may join a slate.~~

3 ~~(e) (1) To join a slate, a candidate shall file a written notice with the~~
 4 ~~[board where the candidate filed a certificate of candidacy] STATE BOARD.~~

5 ~~(2) The notice shall [specify] INCLUDE:~~

6 ~~(i) the name of the slate that the candidate has joined; and~~

7 ~~(ii) [the date on which the candidate joined the slate] A SIGNED~~
 8 ~~ACKNOWLEDGEMENT BY A RESPONSIBLE OFFICER OF THE SLATE THAT THE~~
 9 ~~CANDIDATE HAS BEEN ACCEPTED AS A MEMBER OF THE SLATE.~~

10 ~~(D) A CANDIDATE MAY NOT RECEIVE FUNDS FROM OR TRANSFER FUNDS~~
 11 ~~TO THE SLATE UNTIL THE WRITTEN NOTICE REQUIRED UNDER SUBSECTION (C)~~
 12 ~~OF THIS SECTION IS RECEIVED BY THE STATE BOARD.~~

13 ~~(E) (1) THE STATE BOARD SHALL REMOVE A CANDIDATE FROM THE~~
 14 ~~SLATE ON RECEIPT OF WRITTEN NOTICE BY THE CANDIDATE OR ONE OF THE~~
 15 ~~RESPONSIBLE OFFICERS OF THE SLATE THAT:~~

16 ~~(I) THE CANDIDATE WISHES TO WITHDRAW FROM THE~~
 17 ~~SLATE; OR~~

18 ~~(II) THE SLATE WISHES TO EJECT THE CANDIDATE.~~

19 ~~(2) THE CANDIDATE SHALL REMAIN A MEMBER OF THE SLATE~~
 20 ~~UNTIL THE WRITTEN NOTICE IS RECEIVED BY THE STATE BOARD.~~

21 13-220.

22 (a) (1) Each campaign finance entity shall designate one or more
 23 campaign accounts.

24 (2) Each designated campaign account shall:

25 (i) be in a financial institution; [and]

1 (ii) be registered in a manner that identifies it as the account of
2 a campaign finance entity; **AND**

3 (III) **MAKE CAMPAIGN FUNDS ACCESSIBLE AT ALL TIMES.**

4 (3) **A DESIGNATED CAMPAIGN ACCOUNT MAY NOT IMPOSE A**
5 **PENALTY FOR A WITHDRAWAL OR A RISK OF DEPRECIATION.**

6 (4) A campaign finance entity shall deposit all funds received in a
7 designated campaign account.

8 (5) **ONLY THE DULY APPOINTED TREASURER OF THE POLITICAL**
9 **COMMITTEE SHALL HAVE SIGNATORY AUTHORITY OVER THE CAMPAIGN**
10 **ACCOUNT.**

11 (b) (1) Subject to paragraph (2) of this subsection and subsection (c) of
12 this section, a campaign finance entity may not directly or indirectly make a
13 disbursement except by check from a campaign account designated under subsection
14 (a) of this section.

15 (2) A campaign finance entity, or a person authorized by the campaign
16 finance entity, may pay an expense of the campaign finance entity from funds other
17 than a campaign account if:

18 (i) the expense is supported by a receipt that is provided to the
19 campaign finance entity; and

20 (ii) the **TREASURER OF THE** campaign finance entity
21 reimburses the person who paid the expense by check from the campaign account and
22 reports the expense as an expenditure of the campaign finance entity in accordance
23 with Subtitle 3 of this title.

24 (c) (1) A campaign finance entity may maintain a petty cash fund.

25 (2) The campaign finance entity shall maintain a separate account
26 book for the petty cash fund.

27 (3) The petty cash fund:

28 (i) may not exceed \$250 at any time; and

1 (ii) may be replenished only by check from a campaign account
2 designated under subsection (a) of this section.

3 (4) Not more than \$25 may be disbursed from the petty cash fund in a
4 primary or general election to a single recipient.

5 (5) Each petty cash expenditure shall be supported by a receipt and
6 reported by category on the appropriate campaign finance report.

7 (6) This subsection does not authorize an expenditure that otherwise
8 is unlawful under this article.

9 13–245.

10 (a) In this section, “walk-around services” means the following activities if
11 performed for money while the polls are open:

12 (1) distributing campaign material;

13 (2) stationing a person, including oneself, or an object in the path of a
14 voter;

15 (3) electioneering or canvassing as described in § 16–206 of this
16 article;

17 (4) communicating in any other manner a voting preference or choice;
18 or

19 (5) performing any other service as a poll worker or distributor of
20 sample ballots.

21 (b) [This section does not apply to:

22 (1) meals, beverages, and refreshments served to campaign workers;

23 (2) salaries of regularly employed personnel in campaign
24 headquarters;

25 (3) media advertising, including newspaper, radio, television,
26 billboard, or aerial advertising;

27 (4) rent and regular office expenses; or

1 (5) the cost of telephoning voters or transporting voters to and from
2 polling places.

3 (c) (1)] A campaign finance entity, or a person acting on its behalf, may
4 not at any time, directly or indirectly, pay or incur an obligation to pay, and a person
5 may not, directly or indirectly, receive any money or thing of value, for a political
6 endorsement.

7 [(2) (i)] (C) (1) A campaign finance entity, or a person acting on its
8 behalf, that pays any person for walk-around services shall make all payments by
9 check from a campaign account designated under § 13-220(a) of this subtitle.

10 [(ii)] (2) All payments made under [subparagraph (i) of this
11 paragraph] **PARAGRAPH (1) OF THIS SUBSECTION** shall be reported in accordance
12 with § 13-304 of this title.

13 (D) **A CAMPAIGN FINANCE ENTITY MAY NOT DIRECTLY OR INDIRECTLY
14 USE CAMPAIGN FUNDS FOR THE PERSONAL USE OF THE CANDIDATE OR A
15 RESPONSIBLE OFFICER OF THE CAMPAIGN FINANCE ENTITY.**

16 (E) **A TREASURER MAY NOT AUTHORIZE ANY EXPENDITURES OUTSIDE
17 THE SCOPE OF § 1-101(Y) OF THIS ARTICLE.**

18 13-304.

19 (a) From the date of its organization until its termination under the
20 provisions of this title, a campaign finance entity, except a political club, shall file a
21 campaign finance report **UNDER OATH** at the times[,] **AND** for the periods[,] and at the
22 locations] required by §§ 13-309[,] **AND** 13-312 [,] and 13-316] of this subtitle.

23 (b) A campaign finance report filed by a campaign finance entity under
24 subsection (a) of this section shall include the information required by the State Board
25 with respect to all contributions received and all expenditures made by or on behalf of
26 the campaign finance entity during the designated reporting period.

27 (c) A campaign finance report prescribed by this subtitle for the campaign
28 finance entity of a candidate is required whether or not:

29 (1) the candidate files a certificate of candidacy;

30 (2) the candidate withdraws, declines a nomination, or otherwise
31 ceases to be a candidate;

1 (3) the candidate's name appears on the primary ballot; or

2 (4) the candidate is successful in the election.

3 13-305.

4 (b) If the campaign finance entity receives cumulative contributions of
5 \$1,000 or more or makes cumulative expenditures of \$1,000 or more, the campaign
6 finance entity shall:

7 (1) **NOTIFY THE STATE BOARD WITHIN 7 DAYS; AND**

8 (2) file all subsequent campaign finance reports prescribed by this
9 subtitle.

10 13-309.

11 (a) Subject to other provisions of this subtitle, a campaign finance entity
12 shall file campaign finance reports as follows:

13 (1) except for a ballot issue committee, on or before the fourth Tuesday
14 immediately preceding a primary election;

15 (2) except for a ballot issue committee, on or before the second Friday
16 immediately preceding a primary election;

17 (3) on or before the second Friday immediately preceding a general
18 election; and

19 (4) on or before the third Tuesday after a general election.

20 (b) (1) A campaign finance entity is subject to subsection (a) of this
21 section and this subsection only as to the election in which the entity designates that it
22 will participate.

23 (2) In addition to the campaign finance reports required under
24 subsection (a) of this section, but subject to paragraph (4) of this subsection, a
25 campaign finance entity shall file campaign finance reports on the third Wednesday in
26 January.

1 (3) (i) If subsequent to the filing of its declaration under
2 § 13–208(c)(3) of this title, a campaign finance entity participates in an election in
3 which it was not designated to participate, the campaign finance entity shall file all
4 campaign reports prescribed under subsection (a) of this section for that election.

5 (ii) **THE CAMPAIGN FINANCE ENTITY SHALL NOTIFY THE**
6 **STATE BOARD WITHIN 7 DAYS AFTER ITS PARTICIPATION IN AN ELECTION IN**
7 **WHICH IT WAS NOT EXPRESSLY DESIGNATED TO PARTICIPATE.**

8 (III) A violation of subparagraph (i) **OR (II)** of this paragraph
9 constitutes a failure to file by the campaign finance entity, and the responsible officer
10 is guilty of a misdemeanor and on conviction is subject to the penalties prescribed
11 under Part VII of this subtitle.

12 (4) If a campaign finance entity has neither a cash balance nor an
13 outstanding obligation at the end of a reporting period, a campaign finance report for
14 that period, clearly marked as “final”, shall be filed on or before the due date, and no
15 further report is required.

16 (c) In addition to the campaign reports required under subsection (a) of this
17 section, a continuing political committee shall file a campaign finance report on the
18 third Wednesday in January of each year the committee is in existence.

19 [13–316.

20 A campaign finance report required by § 13–304 of this subtitle shall be filed
21 with the State Board.]

22 [13–317.

23 All campaign finance reports filed with a local board shall be filed in duplicate.]

24 13–322.

25 A campaign finance report is timely if:

26 (1) regardless of when it is received, the United States Postal Service
27 has affixed a mark on the envelope or on a receipt verifying that the campaign finance
28 report was mailed on or before the filing deadline; or

29 (2) it is received by the State Board [or the local board with which it is
30 required to be filed] within 3 days after the filing deadline and a private postal meter

1 postmark or a receipt by a private carrier verifies that the campaign finance report
2 was mailed or delivered to the private carrier on or before the filing deadline.

3 13-328.

4 (a) [(1)] Within 10 days after the deadline for the filing of any campaign
5 finance report that is required to be filed with the State Board, the State Board shall
6 compile a list of the campaign finance entities that failed to file the campaign finance
7 report [and distribute the list, or a portion of the list, to such local boards as is
8 required to implement this subtitle.

9 (2) Within 10 days after the deadline for the filing of any campaign
10 finance report that is required to be filed with a local board, the local board shall
11 compile a list of the campaign finance entities that failed to file the campaign finance
12 report and transmit the list to the State Board].

13 (b) For the purposes of subsection (a) of this section, the failure to provide on
14 a campaign finance report all of the information required of the campaign finance
15 entity by the State Board under this subtitle is deemed a failure to file.

16 [(c) (1) This subsection applies only to a failure to file a campaign finance
17 report as specified in § 13-327 of this subtitle.

18 (2) A local board promptly shall notify the State Board of any
19 campaign finance report that is more than 30 days overdue to be filed with that local
20 board.]

21 13-331.

22 (a) In accordance with subsection (b) of this section, [a board] **THE STATE**
23 **BOARD** shall assess a late filing fee for a failure to file a campaign finance report, as
24 specified in § 13-327 of this subtitle.

25 (b) (1) The fee is \$10 for each day or part of a day, excluding Saturdays,
26 Sundays, and holidays, that a campaign finance report is overdue.

27 (2) An additional fee of \$10 is due for each of the first 6 days,
28 excluding Saturdays, Sundays, and holidays, that a preelection campaign finance
29 report under § 13-309 of this subtitle is overdue.

30 (3) The maximum fee payable for any single campaign finance report
31 is \$250.

1 (c) (1) A board shall accept an overdue campaign finance report that is
2 submitted without payment of the late filing fee, but the campaign finance report is
3 not considered filed until the fee has been paid.

4 (2) After an overdue campaign finance report is received under
5 paragraph (1) of this subsection no further late filing fee shall be incurred.

6 (d) A late filing fee is the joint and several liability of the responsible officers
7 and:

8 (1) may not be paid, directly or indirectly, by the campaign finance
9 entity; and

10 (2) is neither a contribution to nor an expenditure of the entity.

11 13-335.

12 (a) (1) If the State Board determines that there has been, for more than
13 30 days, a failure to file a campaign finance report within the meaning of § 13-327 of
14 this subtitle, the State Board shall issue the notice prescribed in paragraph (2) of this
15 subsection to the responsible officers of the campaign finance entity in violation.

16 (2) The notice shall demand that, within 30 days after service of the
17 notice, either:

18 (i) the failure to file be rectified and any late filing fee due be
19 paid; or

20 (ii) the responsible officers show cause why the State Board
21 should not ask the appropriate prosecuting authority to prosecute the responsible
22 officers for a violation of this subtitle.

23 (3) **ALL APPLICABLE NOTICE REQUIREMENTS OF THIS TITLE**
24 **SHALL BE CONSIDERED MET ON THE STATE BOARD'S MAILING NOTICE TO THE**
25 **MAILING ADDRESSES PROVIDED BY THE RESPONSIBLE OFFICERS DESIGNATED**
26 **IN § 13-207 OF THIS ARTICLE.**

27 (4) In its discretion, the appropriate prosecuting authority may refer
28 the matter for action to the Central Collection Unit within the Department of Budget
29 and Management.

1 (b) A responsible officer who fails, without cause, to file the campaign finance
2 report and pay the late fee within 30 days after service of the notice prescribed in
3 subsection (a)(2) of this section is guilty of a misdemeanor and on conviction is subject
4 to the penalties prescribed in § 13-603 of this title.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 2007.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.