

HOUSE BILL 378

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By: **Delegate Simmons**

Introduced and read first time: February 2, 2007

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Election Law – Loans to Candidates**

3 FOR the purpose of altering the period after which certain campaign loans that
4 remain unpaid are considered contributions; and generally relating to loans
5 made to a candidate's campaign.

6 BY repealing and reenacting, with amendments,
7 Article – Election Law
8 Section 13–230
9 Annotated Code of Maryland
10 (2003 Volume and 2006 Supplement)

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

13 **Article – Election Law**

14 13–230.

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

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) repayment of the loan is personally guaranteed by the
2 candidate; and

3 (ii) the [election cycle immediately following the election cycle in
4 which the loan was made has not ended] **LOAN IS REPAID BY THE LATER OF:**

5 **1. THE END OF THE ELECTION CYCLE IN WHICH THE**
6 **LOAN WAS MADE; OR**

7 **2. 1 YEAR AFTER THE LOAN WAS MADE.**

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

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

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

15 (i) be in writing;

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

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

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

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

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

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

- 1 1. the loan may not accrue interest;
- 2 2. any interest foregone on the loan is not a contribution
- 3 under subsection (b) of this section; and
- 4 3. the campaign finance entity is not subject to:
- 5 A. § 13-310(a) and (b) of this title so long as the loan has
- 6 an outstanding principal balance; and
- 7 B. subsection (a)(2)(ii) of this section.

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

11 (2) The written consent of the candidate constitutes the personal
12 guarantee of the candidate for repayment of the loan only if the document expressly so
13 provides.

- 14 (3) A copy of the candidate's written consent shall be:
- 15 (i) furnished to the lender when the loan is made; and
- 16 (ii) attached to the campaign finance report required of the
- 17 entity under Subtitle 3 of this title for the reporting period during which the loan was
- 18 made.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2007.