

HOUSE BILL 1460

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HB 378/07 – W&M

8lr3265

By: **Delegate Simmons**

Introduced and read first time: February 14, 2008

Assigned to: Rules and Executive Nominations

Re-referred to: Ways and Means, February 25, 2008

Committee Report: Favorable

House action: Adopted with floor amendments

Read second time: March 20, 2008

CHAPTER _____

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; authorizing the State Board of
5 Elections to extend for a certain period of time a certain repayment period on a
6 written showing of good cause; and generally relating to loans made to a
7 candidate's campaign.

8 BY repealing and reenacting, with amendments,
9 Article – Election Law
10 Section 13–230
11 Annotated Code of Maryland
12 (2003 Volume and 2007 Supplement)

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

15 **Article – Election Law**

16 13–230.

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

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

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

4 (i) repayment of the loan is personally guaranteed by the
5 candidate; and

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

8 **1. THE END OF THE ELECTION CYCLE IN WHICH THE**
9 **LOAN WAS MADE; OR**

10 **2. 1 YEAR AFTER THE LOAN WAS MADE.**

11 **(B) (1) ON A SHOWING OF GOOD CAUSE, THE STATE BOARD MAY**
12 **EXTEND THE REPAYMENT PERIOD REQUIRED UNDER SUBSECTION (A)(2) OF**
13 **THIS SECTION TO A DATE ON OR BEFORE THE END OF THE ELECTION CYCLE**
14 **IMMEDIATELY FOLLOWING THE ELECTION CYCLE IN WHICH THE LOAN WAS**
15 **MADE.**

16 **(2) A SHOWING OF GOOD CAUSE UNDER PARAGRAPH (1) OF THIS**
17 **SUBSECTION SHALL BE SUBMITTED IN WRITING.**

18 ~~(C)~~ (1) Subject to subsection (c)(2) of this section, uncharged
19 interest on a loan is a contribution.

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

23 ~~(D)~~ (1) Subject to paragraph (2) of this subsection, the terms of a
24 loan to a campaign finance entity shall:

25 (i) be in writing;

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

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

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

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

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

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

7 1. the loan may not accrue interest;

8 2. any interest foregone on the loan is not a contribution
9 under subsection (b) of this section; and

10 3. the campaign finance entity is not subject to:

11 A. § 13-310(a) and (b) of this title so long as the loan has
12 an outstanding principal balance; and

13 B. subsection (a)(2)(ii) of this section.

14 ~~(d)~~ **(E)** (1) A loan may not be made to a campaign finance entity of a
15 candidate, or accepted on behalf of the entity, without the express written consent of
16 the candidate.

17 (2) The written consent of the candidate constitutes the personal
18 guarantee of the candidate for repayment of the loan only if the document expressly so
19 provides.

20 (3) A copy of the candidate's written consent shall be:

21 (i) furnished to the lender when the loan is made; and

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

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 July 1, 2008.