

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1460
Ways and Means

(Delegate Simmons)

Education, Health, and Environmental Affairs

Election Law - Loans to Candidates

This bill shortens the maximum repayment period during which a loan to a campaign finance entity is not considered a contribution, and therefore not subject to contribution limits, if personally guaranteed by the candidate and repaid within a specified period. Under the bill, the loan would have to be repaid by the later of the end of the election cycle in which the loan is made or one year after the loan is made. The State Board of Elections, however, may extend the repayment period, on a showing of good cause submitted in writing, to a date on or before the end of the election cycle immediately following the election cycle in which the loan was made.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: None. The bill's changes could be handled with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: In general, a person may not, either directly or indirectly, make aggregate contributions of more than \$4,000 to any one campaign finance entity or \$10,000 to all campaign finance entities during an election cycle. These limits do not apply to contributions or loans to a campaign finance entity of a candidate from the personal funds of the candidate or the candidate's spouse.

An election cycle begins on the January 1 following a gubernatorial election and continues until December 31, four years later.

A loan is not considered a contribution if the loan is from a financial institution or other entity in the business of making loans or is guaranteed by the candidate and repaid within the election cycle immediately following the election cycle in which the loan is made.

Background: Under current law, up to eight years could conceivably pass before a loan, repayment of which is guaranteed by the candidate, is required to be repaid in order to not be considered a contribution. Having a shorter repayment period would generally help SBE in monitoring loans and enforcing violations of contribution limits resulting from loans not being repaid and becoming contributions.

Additional Information

Prior Introductions: HB 378 of 2007, a similar bill, received a hearing in the House Ways and Means Committee but no further action was taken.

Cross File: None.

Information Source(s): State Board of Elections, Department of Legislative Services

Fiscal Note History: First Reader - March 18, 2008
ncs/ljm Revised - House Third Reader - April 1, 2008

Analysis by: Scott D. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510