

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 692

(Delegates Kaiser and Kach)

Ways and Means

Education, Health, and Environmental Affairs

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Election Law - Campaign Funds - Investments

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This bill authorizes a campaign finance entity to invest funds the entity receives in a certificate of deposit with a term of one year or less or a United States Treasury bill.

The bill takes effect June 1, 2010.

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Fiscal Summary

**State Effect:** The bill does not directly affect State operations or finances.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** Unless otherwise expressly authorized by law, all campaign finance activity for an election governed by State law must be conducted through a campaign finance entity. An individual must establish, or cause to be established, an authorized political committee (campaign finance entity) before filing a certificate of candidacy.

Each campaign finance entity must designate one or more campaign accounts. A campaign finance entity must deposit all funds received in a designated campaign account and generally may not directly or indirectly make a disbursement except by check from a designated campaign account, with certain exceptions. A campaign account must be in a financial institution and registered in a manner that identifies it as the account of the campaign finance entity.

**Background:** The Federal Deposit Insurance Corporation (FDIC) describes a certificate of deposit (CD) as a special type of deposit account with a bank or thrift institution that typically offers a higher interest rate than a regular savings account, involving investment of a fixed amount of money for a fixed period of time. According to the FDIC, if a CD is redeemed before it matures, a penalty may have to be paid or a portion of the earned interest forfeited. The FDIC currently insures deposit accounts, including CDs, up to \$250,000 for each depositor in each bank or thrift institution.

A U.S. Treasury bill is a short-term investment of a year or less and is a debt obligation of the U.S. Government, backed by its full faith and credit.

The State Board of Elections' *Summary Guide to Candidacy and Campaign Finance Laws* indicates that:

“Campaign funds may not be placed in a campaign bank account where the contributions themselves are at risk, or in an account that does not permit checks to be drawn without penalty, in any amount, at any time. Interest earned must be recorded as income on [a campaign finance report].”

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### **Additional Information**

**Prior Introductions:** SB 512 of 2009 received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

**Cross File:** None.

**Information Source(s):** State Board of Elections, Federal Deposit Insurance Corporation, U.S. Department of the Treasury (Treasury Direct), Department of Legislative Services

**Fiscal Note History:** First Reader - February 12, 2010  
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