

HOUSE BILL 383

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8lr0595

By: **Delegates Ebersole, Kaiser, Luedtke, Tarlau, Turner, and Wilkins**

Introduced and read first time: January 24, 2018

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Campaign Finance Entities – Solicitation Disclosures – Expenditures**

3 FOR the purpose of requiring a solicitation by or for certain political action committees to
4 contain a disclosure statement; requiring the disclosure statement to satisfy certain
5 requirements and contain certain information; providing that certain political action
6 committees that receive a contribution as a result of a violation of this Act must
7 refund the contribution and may be assessed a civil penalty by the State Board of
8 Elections; providing for the assessment process, maximum amount, and distribution
9 of a civil penalty; prohibiting a campaign finance entity from directly or indirectly
10 making an expenditure above fair market value for goods or services provided by
11 certain business entities; altering a certain definition to clarify that a solicitation for
12 campaign contributions is campaign material; defining a certain term; and generally
13 relating to solicitation disclosures and expenditures.

14 BY repealing and reenacting, with amendments,
15 Article – Election Law
16 Section 1–101(k)
17 Annotated Code of Maryland
18 (2017 Replacement Volume and 2017 Supplement)

19 BY repealing and reenacting, without amendments,
20 Article – Election Law
21 Section 1–101(ff) and (mm)
22 Annotated Code of Maryland
23 (2017 Replacement Volume and 2017 Supplement)

24 BY adding to
25 Article – Election Law
26 Section 13–223 and 13–250
27 Annotated Code of Maryland
28 (2017 Replacement Volume and 2017 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Election Law**

4 1–101.

5 (k) (1) “Campaign material” means any material that:

6 (i) contains text, graphics, or other images;

7 (ii) relates to a candidate, a prospective candidate, or the approval
8 or rejection of a question or prospective question; and

9 (iii) is published or distributed.

10 (2) “Campaign material” includes:

11 (i) material transmitted by or appearing on the Internet or other
12 electronic medium;

13 **(II) A SOLICITATION FOR CAMPAIGN CONTRIBUTIONS;** and

14 **[(ii)] (III)** an oral commercial campaign advertisement.

15 (ff) “Political action committee” means a political committee that is not:

16 (1) a political party;

17 (2) a central committee;

18 (3) a slate;

19 (4) a legislative party caucus committee;

20 (5) an authorized candidate campaign committee; or

21 (6) a ballot issue committee.

22 (mm) “Responsible officers” means the chairman and treasurer of a political
23 committee.

24 **13–223.**

25 **(A) IN THIS SECTION, “FINANCIAL INTEREST” MEANS:**

1 **(1) OWNERSHIP OF AN INTEREST AS THE RESULT OF WHICH THE**
2 **OWNER HAS RECEIVED WITHIN THE PAST 3 YEARS, IS CURRENTLY RECEIVING, OR IN**
3 **THE FUTURE IS ENTITLED TO RECEIVE MORE THAN \$1,000 PER YEAR; OR**

4 **(2) (I) OWNERSHIP OF MORE THAN 3% OF A BUSINESS ENTITY; OR**

5 **(II) OWNERSHIP OF SECURITIES OF ANY KIND THAT**
6 **REPRESENT, OR ARE CONVERTIBLE INTO, OWNERSHIP OF MORE THAN 3% OF A**
7 **BUSINESS ENTITY.**

8 **(B) EXCEPT FOR A SOLICITATION MADE IN ACCORDANCE WITH § 13-241, §**
9 **13-242, OR § 13-243 OF THIS SUBTITLE, A SOLICITATION BY OR FOR A POLITICAL**
10 **ACTION COMMITTEE SHALL CONTAIN A DISCLOSURE STATEMENT.**

11 **(C) THE DISCLOSURE STATEMENT SHALL:**

12 **(1) BE IN WRITING;**

13 **(2) BE DISPLAYED CONSPICUOUSLY ON A SOLICITATION REQUEST;**

14 **AND**

15 **(3) INCLUDE A SEPARATE STATEMENT OF EACH OF THE FOLLOWING:**

16 **(I) THE APPROXIMATE PERCENTAGE OF EXPENDITURES OF**
17 **THE POLITICAL ACTION COMMITTEE IN THE PREVIOUS CALENDAR YEAR THAT WERE**
18 **PAID TO ANY INDIVIDUAL OR ORGANIZATION FOR ADMINISTRATIVE COSTS OF THE**
19 **POLITICAL ACTION COMMITTEE;**

20 **(II) THE APPROXIMATE PERCENTAGE OF EXPENDITURES OF**
21 **THE POLITICAL ACTION COMMITTEE IN THE PREVIOUS CALENDAR YEAR THAT WERE**
22 **SPENT ON CAMPAIGN MATERIAL; AND**

23 **(III) THE APPROXIMATE PERCENTAGE OF EXPENDITURES OF**
24 **THE POLITICAL ACTION COMMITTEE IN THE PREVIOUS CALENDAR YEAR THAT WERE**
25 **PAID TO BUSINESS ENTITIES:**

26 **1. THAT ARE OWNED OR CONTROLLED BY THE**
27 **RESPONSIBLE OFFICERS OF THE POLITICAL ACTION COMMITTEE OR ANY PERSONS**
28 **EXERCISING DIRECTION OR CONTROL OVER THE ACTIVITIES OF THE POLITICAL**
29 **ACTION COMMITTEE; OR**

30 **2. IN WHICH THE RESPONSIBLE OFFICERS OR ANY**

1 PERSONS EXERCISING DIRECTION OR CONTROL OVER THE ACTIVITIES OF THE
2 POLITICAL ACTION COMMITTEE HAVE A FINANCIAL INTEREST.

3 (D) FOR A POLITICAL ACTION COMMITTEE THAT WAS FORMED AFTER
4 JANUARY 1 OF THE PREVIOUS CALENDAR YEAR, THE DISCLOSURES REQUIRED
5 UNDER SUBSECTION (C)(3) OF THIS SECTION SHALL COVER THE PERIOD THE
6 POLITICAL ACTION COMMITTEE HAS BEEN IN EXISTENCE.

7 (E) (1) A POLITICAL ACTION COMMITTEE THAT RECEIVES A
8 CONTRIBUTION AS A RESULT OF A SOLICITATION THAT DOES NOT INCLUDE THE
9 DISCLOSURE STATEMENT REQUIRED BY THIS SECTION:

10 (I) SHALL REFUND THE CONTRIBUTION TO THE CONTRIBUTOR;
11 AND

12 (II) MAY BE ASSESSED A CIVIL PENALTY AS PROVIDED IN
13 PARAGRAPH (2) OF THIS SUBSECTION.

14 (2) THE STATE BOARD MAY IMPOSE A CIVIL PENALTY ON A POLITICAL
15 ACTION COMMITTEE THAT RECEIVES A CONTRIBUTION AS A RESULT OF A VIOLATION
16 OF THIS SECTION:

17 (I) IN THE MANNER SPECIFIED IN § 13-604.1 OF THIS TITLE;
18 AND

19 (II) IN AN AMOUNT NOT EXCEEDING \$10,000.

20 (3) A CIVIL PENALTY IMPOSED UNDER THIS SUBSECTION SHALL BE
21 DISTRIBUTED TO THE FAIR CAMPAIGN FINANCING FUND ESTABLISHED UNDER §
22 15-103 OF THIS ARTICLE.

23 13-250.

24 (A) IN THIS SECTION, "FINANCIAL INTEREST" HAS THE MEANING STATED IN
25 § 13-223 OF THIS SUBTITLE.

26 (B) A CAMPAIGN FINANCE ENTITY MAY NOT DIRECTLY OR INDIRECTLY
27 MAKE AN EXPENDITURE ABOVE FAIR MARKET VALUE FOR GOODS OR SERVICES
28 PROVIDED BY A BUSINESS ENTITY:

29 (1) THAT IS OWNED OR CONTROLLED BY THE CANDIDATE,
30 RESPONSIBLE OFFICERS, OR ANY PERSONS EXERCISING DIRECTION OR CONTROL
31 OVER THE ACTIVITIES OF THE CAMPAIGN FINANCE ENTITY; OR

1 **(2) IN WHICH THE CANDIDATE, RESPONSIBLE OFFICERS, OR ANY**
2 **PERSONS EXERCISING DIRECTION OR CONTROL OVER THE ACTIVITIES OF THE**
3 **CAMPAIGN FINANCE ENTITY HAVE A FINANCIAL INTEREST.**

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
5 1, 2018.