

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 1351

(Delegate Wilkins)

Ways and Means

Education, Health, and Environmental Affairs

---

Campaign Finance - Contribution Through Third-Party Payment Processor and  
Payment of Expenses

---

This bill requires a contribution to a campaign finance entity made through a third-party payment processor to be transferred to the campaign account of the campaign finance entity in a specified timely manner and authorizes the State Board of Elections (SBE) to impose a civil penalty for a failure to do so. SBE must provide specified notice to campaign finance entities regarding the beginning of the requirement for timely transfer of those contributions. The bill also modifies a provision that allows for an expense of a campaign finance entity to be paid from funds other than a campaign account under certain circumstances. **The bill takes effect July 1, 2021, with the exception of the provision requiring SBE to provide notice to campaign finance entities, which takes effect June 1, 2021.**

---

Fiscal Summary

**State Effect:** The bill is not expected to materially affect State finances.

**Local Effect:** None.

**Small Business Effect:** None.

---

Analysis

**Bill Summary:** The bill requires a campaign finance entity – if a contribution to the campaign finance entity is made through a third-party payment processor – to initiate the transfer of the contribution from the account of the third-party payment processor to the designated campaign account of the campaign finance entity within seven days after the

contribution is deposited in the account of the third-party payment processor. “Third-party payment processor” means an online service in which payments to a person are made to the processor’s merchant account rather than to the person’s own merchant account.

The bill authorizes SBE to impose a civil penalty, of up to \$500 for each violation, for a failure to transfer a contribution from the account of a third-party payment processor in accordance with the bill.

By June 15, 2021, SBE must notify the responsible officers of each campaign finance entity by email that, within seven days after July 1, 2021, the campaign finance entity must initiate the transfer of any contributions to the entity that are held in the account of a third-party payment processor on July 1, 2021, to the designated campaign account of the campaign finance entity.

Under provisions that authorize an expense of a campaign finance entity to be paid from funds other than a campaign account (provided the person who paid the expense is reimbursed from the campaign account and the expense is reported as an expenditure of the campaign finance entity), the bill repeals a reference to a campaign finance entity itself paying an expense of the campaign finance entity from funds other than a campaign account, leaving only the authority for a person authorized by a campaign finance entity to pay an expense of the campaign finance entity from funds other than a campaign account.

**Current Law:** Unless otherwise expressly authorized by law, all campaign finance activity for an election under the Election Law Article of the Annotated Code must be conducted through a campaign finance entity (defined as a political committee established under Title 13 of the Election Law Article). An individual may not file a certificate of candidacy or a declaration of intent until the individual establishes, or causes to be established, an authorized candidate campaign committee (a campaign finance entity authorized by the candidate to promote the candidate’s candidacy).

Each campaign finance entity must designate one or more campaign accounts. Each designated campaign account must (1) be in a financial institution and (2) be registered in a manner that identifies it as the account of a campaign finance entity. A campaign finance entity must deposit all funds received in a designated campaign account.

A campaign finance entity may not directly or indirectly make a disbursement except from a designated campaign account. However, a campaign finance entity, or a person authorized by the campaign finance entity, may pay an expense of the campaign finance entity from funds other than a campaign account if (1) the expense is supported by a receipt that is provided to the campaign finance entity and (2) the campaign finance entity

reimburses the person who paid the expense from the campaign account and reports the expense as an expenditure of the campaign finance entity.

---

### **Additional Information**

**Prior Introductions:** HB 1380 of 2020 passed the House and was referred to the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - March 5, 2021  
rh/hlb Third Reader - March 24, 2021  
Revised - Amendment(s) - March 24, 2021

---

Analysis by: Scott D. Kennedy

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