

April 1, 2021

Testimony on HB 1351
Campaign Finance - Contribution Through Third-Party Payment Processor –
Transfer to Campaign Account
Education, Health, and Environmental Affairs

Position: Favorable

Common Cause Maryland supports HB 1351 which requires a campaign finance entity to initiate the transfer of contributions made to a third-party payment processor to the designated campaign account of the campaign finance entity within seven days after the contribution is made to the third-party payment processor. Essentially, this bill will make sure all of the contributions being made to a candidate are accurately disclosed and accounted for even if the contribution is first paid to a merchant account.

HB 1351 aims to close a loophole created by a newly normalized form of payment, third-party payment processing. Current law requires that all campaign finance activity for an election must be conducted through a campaign finance entity or a political committee. The law also requires that a campaign finance entity must deposit all funds received in a designated campaign account. Contributions to a campaign are campaign finance activities. Which means, by law, candidates need to be held responsible for making sure they are properly conducting all their contributions. Also, according to current law, it is already required that candidates transfer money from their merchant accounts because all deposits are supposed to be received by a candidate's campaign account. This legislation would go a bit further by requiring candidates to timely transfer their contributions that were made to their merchant's accounts into their campaign accounts.

We need to ensure that candidates are disclosing all their contributions so that the State Board of Elections has all the information they need to hold candidates accountable, ensuring they are in compliance with campaign finance laws. Transparency is fundamental to a functioning democracy and campaign finance laws are integral to that transparency. We need to make sure our elections are running fairly. We can start by making sure that our existing laws are up to date.

We urge a favorable report.