



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 17  
Campaign Finance – Recurring Contributions and Donations – Requirements**

Consumers shouldn't be tricked into unknowingly giving money to political candidates. Yet, that's what happened in recent elections, when some political candidates repeatedly charged donors who failed to opt-out of recurring contributions.

The dubious practice of requiring contributors to find and uncheck a box to avoid multiple charges resulted in hundreds of thousands of people requesting refunds amounting to over \$64.3 million during President Donald Trump's reelection campaign.<sup>1</sup> This trick especially harmed older, less tech-savvy Americans, leaving them feeling scammed and scrambling to undo the charges.<sup>2</sup>

The issue drew the attention of the Federal Election Commission, which unanimously recommended that Congress ban these opt-out recurring donation practices.<sup>3</sup> In response, legislation has been introduced in Congress to ban this practice in federal elections.<sup>4</sup>

This has also been an issue in state elections.<sup>5</sup>

HB 17 would prohibit state-regulated campaigns and payment processor vendors from opt-out recurring political donations in order to protect Maryland consumers from being caught in these schemes. Campaigns would still be able to raise funds through opt-in recurring contributions.

**Affirmative Consent is a Common Business Practice**

According to the Attorney General's Office, "The use of negative option offers is a practice that has caused widespread consumer harm and is already widely regulated by the federal

<sup>1</sup> "How Trump Steered Supporters Into Unwitting Donations." The New York Times.  
<https://www.nytimes.com/2021/04/03/us/politics/trump-donations.html>

<sup>2</sup> "How Deceptive Campaign Fund-Raising Ensnarers Older People." The New York Times.  
<https://www.nytimes.com/2021/06/26/us/politics/recurring-donations-seniors.html>

<sup>3</sup> "F.E.C. Asks Congress to Ban Prechecked Recurring Donation Boxes." The New York Times.  
<https://www.nytimes.com/2021/05/06/us/politics/fec-trump-donations.html>

<sup>4</sup> "S.1786 - Rescuing Every Contributor from Unwanted Recurrences (RECUR) Act." United States Congress.  
<https://www.congress.gov/bill/117th-congress/senate-bill/1786>

<sup>5</sup> CA: <https://politi.co/3LaOihb>; PA: <https://bit.ly/3ipVN7o>

government in other consumer transactions...” For instance, when offering an automatically recurring or monthly payment method, utility companies (including BGE and PEPSCO) and internet providers (including Verizon and Comcast) ask for affirmative consent from the customer. Companies that offer subscription services, such as newspapers, also clearly state recurring costs to their subscribers when marketing their products. The same applies to eCommerce platforms and financial institutions that offer an automatic debit or “bill pay” method, like Google Pay, PayPal, and Zelle. Platforms for political contributions should meet the same standards for consumer consent.

### What this Bill Does

- Prevents recurring political contributions if the donor has not affirmatively consented. Passive action by the contributor, such as failing to uncheck a pre-checked box, would not meet the requirement of affirmative consent.
  - Allows campaigns to raise funds through recurring contributions so long as they have the affirmative consent of the donor. See Figure 1 below for allowable examples.
- Requires that any campaign entity accepting a recurring contribution must provide a receipt for each recurring contribution that discloses how often and for how long the recurring contributions will occur. The receipt must also include all information needed for the donor to cancel the recurring contributions.
- Requires that any campaign entity accepting a recurring contribution must immediately cancel recurring contributions upon request of the donor and return any illegally obtained contributions.
- Violations of this legislation would be subject to the typical civil penalties for campaign finance violations of up to \$500.
- Would go into effect for the next four-year campaign finance cycle.

Figure 1. Examples of allowable fundraising forms under this bill.

