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—
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Joint Audit and Evaluation Committee
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SB111: Election Law -- Campaign Finance -- Draft & Exploratory Committees

Education, Energy, Environment (& Elections!) Committee

Thursday, February 16, 2023 1PM

Exploratory and draft committees have been exempt from accountability and transparency laws that govern other campaign committees. [SB111](#) would close this loophole. Marylanders deserve to know who is financing those who may seek elected office.

An [exploratory committee](#) is defined as “an entity established by a prospective candidate for a public office to determine the potential candidate’s viability for that public office.” Similarly, a [draft committee](#) is “an entity that is organized to encourage a potential candidate to run for office but is not authorized by the potential candidate.” [Current MD law fails to provide oversight and transparency](#) for these entities. SB111 would require that these election committees comply with campaign finance disclosure laws; limit the purpose for which funds can be expended; and establish processes for dissolving them.

Candidates who have had exploratory or draft committees come from both parties, including: Laura Neuman (D- Governor 2022); Michael Steele (R- Governor 2021); Jim Shea (D- Governor 2017); Joanna Conti, (D- Anne Arundel County Executive 2012), and Larry Hogan (R-Governor 2010); among others.

An amendment includes provisions for reporting procedures; removing contribution limits; expanding the list of permitted expenditures; clarifying that candidate committees can purchase items from the draft or exploratory committee at fair market value; adding options for the use of any leftover funds; and instituting a 120-day deadline for closing the exploratory or draft committee account after the filing deadline has passed; a certificate of candidacy is filed; or a prospective candidates announces that they will not seek the office.

I urge a favorable report as amended on SB111.



SB0111/263926/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

15 FEB 23
13:46:55

BY: Senator Kagan
(To be offered in the Education, Energy, and the Environment
Committee)

AMENDMENTS TO SENATE BILL 111
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 4, strike “a political” and substitute “an authorized candidate campaign”; in line 8, after “disbursements;” insert “requiring an authorized candidate campaign committee that results from the draft committee or exploratory committee to make any equipment purchases from the draft committee or exploratory committee at the fair market value of the equipment; requiring a draft committee or an exploratory committee to dispense of remaining funds in a certain manner in a certain time frame; establishing that a draft committee or an exploratory committee is not subject to any contribution limit except under certain circumstances;”; and in line 12, after “1-101(a),” insert “(c).”.

AMENDMENT NO. 2

On page 2, after line 2, insert:

“(c) “Authorized candidate campaign committee” means a political committee established under Title 13 of this article and authorized by a candidate to promote the candidate’s candidacy.”;

and in line 25, strike “A POLITICAL” and substitute “AN AUTHORIZED CANDIDATE CAMPAIGN”.

On page 3, in line 2, after “CANDIDATE” insert “FOR THAT PUBLIC OFFICE”; in line 3, strike “NOT”; in line 4, strike “A” and substitute “ANOTHER”; in line 15, strike “AND”; in line 16, after “WEBSITE” insert “;”

(5) RENTING OR LEASING OFFICE SPACE; AND

(6) ELECTRONIC EQUIPMENT, INCLUDING COMPUTERS AND TELEPHONES”;

and after line 20, insert:

“(H) IF AN AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE RESULTS FROM THE DRAFT COMMITTEE OR EXPLORATORY COMMITTEE, ANY PURCHASES MADE BY THE AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE OF EQUIPMENT FROM THE DRAFT COMMITTEE OR EXPLORATORY COMMITTEE SHALL BE MADE AT THE FAIR MARKET VALUE OF THE EQUIPMENT.

(I) WITHIN 120 DAYS AFTER A POTENTIAL CANDIDATE OR AN INDIVIDUAL A DRAFT COMMITTEE INTENDED TO ENCOURAGE TO SEEK PUBLIC OFFICE FILES A CERTIFICATE OF CANDIDACY FOR A PUBLIC OFFICE OR ANNOUNCES THAT THE POTENTIAL CANDIDATE OR INDIVIDUAL HAS DECIDED NOT TO RUN FOR THE PUBLIC OFFICE, OR AFTER THE FILING DEADLINE FOR THE PUBLIC OFFICE HAS PASSED, THE DRAFT COMMITTEE OR EXPLORATORY COMMITTEE SHALL RETURN ANY REMAINING FUNDS RECEIVED UNDER SUBSECTION (D) OF THIS SECTION PRO RATA TO THE CONTRIBUTORS OR PAY THE REMAINING FUNDS TO:

(1) IF THE POTENTIAL CANDIDATE OR INDIVIDUAL THE DRAFT COMMITTEE INTENDED TO ENCOURAGE IS A MEMBER OF A POLITICAL PARTY:

(i) THE STATE CENTRAL COMMITTEE OF THE POLITICAL PARTY; OR

(II) A LOCAL CENTRAL COMMITTEE OF THE POLITICAL PARTY;

(2) IF THE POTENTIAL CANDIDATE OR INDIVIDUAL THE DRAFT COMMITTEE INTENDED TO ENCOURAGE ESTABLISHES AN AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE AS A RESULT OF THE EXPLORATORY COMMITTEE OR DRAFT COMMITTEE AND SUBJECT TO THE LIMITS ESTABLISHED UNDER § 13-227(C) OF THIS TITLE, THE AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE;

(3) A NONPROFIT ORGANIZATION EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE; OR

(4) THE FAIR CAMPAIGN FINANCING FUND ESTABLISHED UNDER § 15-103 OF THIS ARTICLE.

(J) EXCEPT AS PROVIDED IN SUBSECTION (I)(2) OF THIS SECTION, A DRAFT COMMITTEE OR AN EXPLORATORY COMMITTEE IS NOT SUBJECT TO ANY CONTRIBUTION LIMIT.”.