

# HOUSE BILL 551

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By: **Delegates Cluster, Afzali, Arentz, Buckel, Folden, Glass, Grammer, S. Howard, Malone, McComas, Miele, Parrott, Rey, Rose, Saab, Shoemaker, Simonaire, Szeliga, and B. Wilson**

Introduced and read first time: January 30, 2017

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Election Law – Private Loan to Campaign Finance Entity of Candidate –**  
3 **Prohibited**

4 FOR the purpose of prohibiting a person other than the candidate or the candidate's spouse  
5 from making a loan to the campaign finance entity of a candidate; making  
6 conforming changes; and generally relating to prohibiting private loans to the  
7 campaign finance entity of a candidate.

8 BY repealing and reenacting, with amendments,  
9 Article – Election Law  
10 Section 13–230  
11 Annotated Code of Maryland  
12 (2010 Replacement Volume and 2016 Supplement)

13 BY repealing and reenacting, without amendments,  
14 Article – Election Law  
15 Section 13–231  
16 Annotated Code of Maryland  
17 (2010 Replacement Volume and 2016 Supplement)

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

20 **Article – Election Law**

21 13–230.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(A) EXCEPT FOR A CANDIDATE OR THE CANDIDATE'S SPOUSE, A PERSON**  
2 **MAY NOT MAKE A LOAN TO THE CAMPAIGN FINANCE ENTITY OF A CANDIDATE.**

3           **[(a)] (B)**     A loan to a campaign finance entity is considered a contribution in the  
4 amount of the outstanding principal balance of the loan unless:

5                   (1)     the loan is from a financial institution or other entity in the business of  
6 making loans; or

7                   (2)     the loan is **MADE BY A CANDIDATE OR THE CANDIDATE'S SPOUSE** to  
8 the campaign finance entity of **[a] THE** candidate and:

9                           (i)     repayment of the loan is personally guaranteed by the candidate;  
10 and

11                           (ii)    the election cycle immediately following the election cycle in  
12 which the loan was made has not ended.

13           **[(b)] (C)**     (1)     Subject to subsection **[(c)(2)] (D)(2)** of this section, uncharged  
14 interest on a loan is a contribution.

15                   (2)     Uncharged interest is the amount by which, during a reporting period,  
16 the interest actually charged on the loan is less than the interest on the loan computed at  
17 the prime rate applicable on the day the loan was made.

18           **[(c)] (D)**     (1)     Subject to paragraph (2) of this subsection, the terms of a loan to  
19 a campaign finance entity shall:

20                           (i)     be in writing;

21                           (ii)    include the lender's name, address, and signature;

22                           (iii)   state the schedule for repayment of the loan;

23                           (iv)   state the interest rate of the loan; and

24                           (v)    be attached to the campaign finance report required of the entity  
25 under Subtitle 3 of this title for the reporting period during which the loan was made.

26                   (2)     (i)     A loan by a candidate or the candidate's spouse to a campaign  
27 finance entity of the candidate is not required to comply with paragraph (1) of this  
28 subsection.

29                           (ii)    Unless a loan by a candidate or the candidate's spouse to a  
30 campaign finance entity of the candidate complies with paragraph (1) of this subsection:

- 1                   1.     the loan may not accrue interest;
- 2                   2.     any interest foregone on the loan is not a contribution  
3 under subsection [(b)] (C) of this section; and
- 4                   3.     the campaign finance entity is not subject to:
  - 5                   A.     § 13–310(a) and (b) of this title so long as the loan has an  
6 outstanding principal balance; and
  - 7                   B.     subsection [(a)(2)(ii)] (B)(2)(II) of this section.

8           [(d)] (E)   (1)   A loan may not be made **BY A CANDIDATE OR THE**  
9 **CANDIDATE’S SPOUSE** to a campaign finance entity of [a] **THE** candidate, or accepted on  
10 behalf of the entity, without the express written consent of the candidate.

11                   (2)   The written consent of the candidate constitutes the personal guarantee  
12 of the candidate for repayment of the loan only if the document expressly so provides.

13                   (3)   A copy of the candidate’s written consent shall be:

14                   (i)   furnished to the lender when the loan is made; and

15                   (ii)   attached to the campaign finance report required of the entity  
16 under Subtitle 3 of this title for the reporting period during which the loan was made.

17 13–231.

18           (a)   (1)   Contributions or loans to a campaign finance entity of a candidate from  
19 the personal funds of the candidate or the candidate’s spouse are not subject to the  
20 contribution limits under § 13–226 of this subtitle.

21                   (2)   Expenditures from personal funds by the candidate or the candidate’s  
22 spouse for personal expenses of the candidate for filing fees, telecommunication services,  
23 travel, and food are not contributions.

24           (b)   A contribution or loan to a campaign finance entity of a candidate by the  
25 candidate or the candidate’s spouse shall pass through the hands of the treasurer of the  
26 entity and be reported in accordance with Subtitle 3 of this title.

27           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 October 1, 2017.