

SENATE BILL 27

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(PRE-FILED)

5lr0785
CF HB 111

By: **Senator Kagan**

Requested: September 9, 2024

Introduced and read first time: January 8, 2025

Assigned to: Education, Energy, and the Environment

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 11, 2025

CHAPTER _____

1 AN ACT concerning

2 **Election Law – Campaign Finance – Exploratory Committees**

3 FOR the purpose of applying certain campaign finance requirements for a political
4 committee to exploratory committees; establishing requirements and prohibitions for
5 exploratory committees relating to the establishment of the committees, receipt of
6 funds, and permissible disbursements; requiring an authorized candidate campaign
7 committee that results from the exploratory committee to make any equipment
8 purchases from the exploratory committee at the fair market value of the equipment;
9 requiring an exploratory committee to dispense of remaining funds in a certain
10 manner in a certain time frame; establishing that an exploratory committee is not
11 subject to any contribution limit; and generally relating to exploratory committees.

12 BY repealing and reenacting, without amendments,
13 Article – Election Law
14 Section 1–101(a), (l), and (gg)
15 Annotated Code of Maryland
16 (2022 Replacement Volume and 2024 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Election Law
19 Section 1–101(k)
20 Annotated Code of Maryland
21 (2022 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



BY adding to
Article – Election Law
Section 13–107
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

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

Article – Election Law

1–101.

(a) In this article the following words have the meanings indicated unless a different meaning is clearly intended from the context.

(k) (1) “Campaign material” means any material that:

(i) contains text, graphics, or other images;

(ii) relates to a candidate, a [prospective] **POTENTIAL** candidate, or the approval or rejection of a question or prospective question; and

(iii) is published, distributed, or disseminated.

(2) “Campaign material” includes:

(i) a qualifying paid digital communication;

(ii) any other material transmitted by or appearing on the Internet or other electronic medium;

(iii) an oral commercial campaign advertisement; and

(iv) an automated or prerecorded oral communication.

(l) (1) “Candidate” means an individual who files a certificate of candidacy for a public or party office.

(2) “Candidate” includes:

(i) an incumbent justice of the Supreme Court of Maryland or Appellate Court of Maryland at an election for continuance in office; and

(ii) an individual, prior to that individual filing a certificate of candidacy, if a campaign finance entity has been established on behalf of that individual.

(gg) “Political committee” means a combination of two or more individuals that has as its major purpose promoting the success or defeat of a candidate, political party, question, or prospective question submitted to a vote at any election.

13-107.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) (I) “DONATION” MEANS THE GIFT OR TRANSFER, OR PROMISE OF GIFT OR TRANSFER, OF MONEY OR ANY OTHER THING OF VALUE TO A PERSON THAT MAKES DISBURSEMENTS FOR AN EXPLORATORY COMMITTEE.

(II) “DONATION” DOES NOT INCLUDE ANY AMOUNT OF MONEY OR ANY OTHER THING OF VALUE:

1. RECEIVED BY A PERSON IN THE ORDINARY COURSE OF ANY TRADE OR BUSINESS CONDUCTED BY THE PERSON, WHETHER FOR PROFIT OR NOT FOR PROFIT, OR IN THE FORM OF INVESTMENTS IN THE PERSON’S BUSINESS; OR

2. A. THAT THE DONOR AND THE PERSON RECEIVING THE MONEY OR THING OF VALUE EXPRESSLY AGREE IN WRITING MAY NOT BE USED FOR AN EXPLORATORY COMMITTEE; AND

B. IN THE CASE OF A MONETARY DONATION, IS DEPOSITED IN A SEPARATE BANK ACCOUNT THAT IS NEVER USED FOR AN EXPLORATORY COMMITTEE.

(3) “EXPLORATORY COMMITTEE” MEANS AN ENTITY ESTABLISHED BY A POTENTIAL CANDIDATE FOR A PUBLIC OFFICE TO DETERMINE THE POTENTIAL CANDIDATE’S VIABILITY FOR THAT PUBLIC OFFICE.

(B) EXCEPT AS OTHERWISE PROVIDED IN §§ 13-220.1 AND 13-220.2 OF THIS TITLE AND SUBTITLE 2, PART V OF THIS TITLE, ALL PROVISIONS OF THIS TITLE THAT APPLY TO A POLITICAL COMMITTEE ALSO APPLY TO AN EXPLORATORY COMMITTEE.

(C) ~~AN INDIVIDUAL WHO IS A CANDIDATE MAY ESTABLISH AN EXPLORATORY COMMITTEE FOR ANOTHER PUBLIC OFFICE.~~

~~(D)~~ SUBJECT TO SUBSECTION ~~(E)~~ (D) OF THIS SECTION, AN EXPLORATORY COMMITTEE FOR AN INDIVIDUAL MAY RECEIVE FUNDS AND MAKE DISBURSEMENTS TO DETERMINE THE INDIVIDUAL’S VIABILITY FOR A PUBLIC OFFICE.

~~(E)~~ (D) AN EXPLORATORY COMMITTEE MAY MAKE A DISBURSEMENT:

(1) ONLY FOR PURPOSES RELATED TO DETERMINING THE POTENTIAL
CANDIDATE'S VIABILITY FOR A PUBLIC OFFICE; AND

(2) ONLY FOR THE FOLLOWING:

~~(1)~~ (I) CONDUCTING SURVEYS OR POLLS REGARDING VIABILITY OF
THE POTENTIAL CANDIDATE FOR A PUBLIC OFFICE;

~~(2)~~ (II) DIRECT MAILINGS AND OTHER COMMUNICATIONS TO
POTENTIAL VOTERS;

~~(3)~~ (III) EMPLOYING STAFF;

~~(4)~~ (IV) ESTABLISHING A WEBSITE;

~~(5)~~ (V) QUALIFYING PAID DIGITAL COMMUNICATIONS;

~~(6)~~ (VI) RENTING OR LEASING OFFICE SPACE; AND

~~(7)~~ (VII) PURCHASING ELECTRONIC EQUIPMENT, INCLUDING
COMPUTERS AND TELEPHONES.

~~(F)~~ (E) AN EXPLORATORY COMMITTEE MAY NOT PAY ANY EXPENSE IN
ADVANCE FOR GOODS OR SERVICES TO BE USED BY THE POLITICAL COMMITTEE OF
THE POTENTIAL CANDIDATE ONCE THE POTENTIAL CANDIDATE REGISTERS AN
AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE.

~~(G)~~ (F) IF AN AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE RESULTS
FROM THE EXPLORATORY COMMITTEE, ANY PURCHASES MADE BY THE AUTHORIZED
CANDIDATE CAMPAIGN COMMITTEE OF EQUIPMENT FROM THE EXPLORATORY
COMMITTEE SHALL BE MADE AT THE FAIR MARKET VALUE OF THE EQUIPMENT.

~~(H)~~ (G) (1) AN EXPLORATORY COMMITTEE SHALL RETURN ANY
REMAINING FUNDS RECEIVED UNDER SUBSECTION ~~(E)~~ (D) OF THIS SECTION IN
ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION WITHIN 120 DAYS AFTER:

(I) A POTENTIAL CANDIDATE:

1. TIMELY FILES A CERTIFICATE OF CANDIDACY FOR A
PUBLIC OFFICE UNDER TITLE 5, SUBTITLE 3 OF THIS ARTICLE; OR

1 **2. PUBLICLY ANNOUNCES THAT THE POTENTIAL**
2 **CANDIDATE HAS DECLINED TO FILE A CERTIFICATE OF CANDIDACY FOR PUBLIC**
3 **OFFICE; OR**

4 **(II) THE DEADLINE FOR FILING A CERTIFICATE OF CANDIDACY**
5 **UNDER TITLE 5, SUBTITLE 3 OF THIS ARTICLE HAS PASSED.**

6 **(2) AN EXPLORATORY COMMITTEE SHALL RETURN FUNDS UNDER**
7 **PARAGRAPH (1) OF THIS SUBSECTION:**

8 **(I) PRO RATA TO THE CONTRIBUTORS; OR**

9 **(II) BY PAYING THE REMAINING FUNDS TO:**

10 **1. IF THE POTENTIAL CANDIDATE IS A MEMBER OF A**
11 **POLITICAL PARTY:**

12 **A. THE STATE CENTRAL COMMITTEE OF THE POLITICAL**
13 **PARTY; OR**

14 **B. A LOCAL CENTRAL COMMITTEE OF THE POLITICAL**
15 **PARTY;**

16 **2. IF THE POTENTIAL CANDIDATE ESTABLISHES AN**
17 **AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE, SUBJECT TO § 13–226 OF THIS**
18 **TITLE, THE AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE;**

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

21 **4. THE FAIR CAMPAIGN FINANCING FUND**
22 **ESTABLISHED UNDER § 15–103 OF THIS ARTICLE.**

23 ~~**(H)**~~ **(H) A DONATION TO AN EXPLORATORY COMMITTEE IS NOT SUBJECT**
24 **TO ANY LIMITS.**

25 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June**
26 **1, 2025.**