

HOUSE BILL 1351

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HB 1380/20 – W&M

11r3033

By: **Delegate Wilkins**

Introduced and read first time: February 12, 2021

Assigned to: Rules and Executive Nominations

Re-referred to: Ways and Means, February 23, 2021

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 8, 2021

CHAPTER _____

1 AN ACT concerning

2 **Campaign Finance – Contribution Through Third-Party Payment Processor**
3 ~~**– Transfer to Campaign Account and Payment of Expenses**~~

4 FOR the purpose of requiring a campaign finance entity to initiate the transfer of a
5 contribution made through a third-party payment processor from the account of the
6 third-party payment processor to the designated campaign account of the campaign
7 finance entity within a certain period of time after the contribution is deposited in
8 the account of the third-party payment processor; repealing the authority of a
9 campaign finance entity to pay an expense of the campaign finance entity from funds
10 other than a campaign account under certain circumstances; authorizing the State
11 Board of Elections to impose a certain civil penalty for a certain violation of this Act;
12 requiring the State Board to notify the responsible officers of each campaign finance
13 entity on or before a certain date that the campaign finance entity must initiate the
14 transfer of certain contributions to the designated campaign account of the campaign
15 finance entity within a certain period of time; providing for the effective dates of this
16 Act; defining a certain term; and generally relating to ~~contributions to campaign~~
17 finance entities made through third-party payment processors campaign finance.

18 BY repealing and reenacting, with amendments,
19 Article – Election Law
20 Section 13-220(a) and (b) and 13-604.1(b)
21 Annotated Code of Maryland
22 (2017 Replacement Volume and 2020 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 repealing and reenacting, without amendments,
Article – Election Law
Section 13–220(b)
Annotated Code of Maryland
(2017 Replacement Volume and 2020 Supplement)~~

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

Article – Election Law

13–220.

(a) (1) Each campaign finance entity shall designate one or more campaign accounts.

(2) Each designated campaign account shall:

(i) be in a financial institution; and

(ii) be registered in a manner that identifies it as the account of a campaign finance entity.

(3) A campaign finance entity shall deposit all funds received in a designated campaign account.

(4) (I) IN THIS PARAGRAPH, “THIRD-PARTY PAYMENT PROCESSOR” MEANS AN ONLINE SERVICE IN WHICH PAYMENTS TO A PERSON ARE MADE TO THE PROCESSOR’S MERCHANT ACCOUNT RATHER THAN TO THE PERSON’S OWN MERCHANT ACCOUNT.

(II) IF A CONTRIBUTION TO A CAMPAIGN FINANCE ENTITY IS MADE THROUGH A THIRD-PARTY PAYMENT PROCESSOR, THE CAMPAIGN FINANCE ENTITY SHALL INITIATE THE TRANSFER OF THE CONTRIBUTION FROM THE ACCOUNT OF THE THIRD-PARTY PAYMENT PROCESSOR TO THE DESIGNATED CAMPAIGN ACCOUNT OF THE CAMPAIGN FINANCE ENTITY WITHIN 7 DAYS AFTER THE CONTRIBUTION IS DEPOSITED IN THE ACCOUNT OF THE THIRD-PARTY PAYMENT PROCESSOR.

(b) (1) Subject to paragraph (2) of this subsection and subsection (c) of this section, a campaign finance entity may not directly or indirectly make a disbursement except from a campaign account designated under subsection (a) of this section.

(2) ~~A campaign finance entity, or a~~ **A** person authorized by ~~the~~ **A** campaign finance entity, may pay an expense of the campaign finance entity from funds other than a campaign account if:

(i) the expense is supported by a receipt that is provided to the campaign finance entity; and

(ii) the campaign finance entity reimburses the person who paid the expense from the campaign account and reports the expense as an expenditure of the campaign finance entity in accordance with Subtitle 3 of this title.

13-604.1.

(b) The State Board may impose a civil penalty in accordance with this section for the following violations:

(1) making a disbursement in a manner not authorized in § 13-218(b)(2), (c), and (d) of this title;

(2) failure to maintain a campaign bank account as required in § 13-220(a) of this title;

(3) making a disbursement by a method not authorized in § 13-220(d) of this title;

(4) failure to maintain detailed and accurate account books and records as required in § 13-221 of this title;

(5) fund-raising during the General Assembly session in a manner not authorized in § 13-235 of this title;

(6) failure to report all contributions received and expenditures made as required in § 13-304(b) of this title;

(7) failure to include an authority line on campaign material as required in § 13-401 of this title;

(8) failure to retain a copy of campaign material as required in § 13-403 of this title; [or]

(9) failure to include a disclosure on online campaign material as required in § 13-401.1(b) of this title; OR

(10) FAILURE TO TRANSFER A CONTRIBUTION FROM THE ACCOUNT OF A THIRD-PARTY PAYMENT PROCESSOR IN ACCORDANCE WITH § 13-220(A)(4) OF THIS TITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That, on or before June 15, 2021, the State Board of Elections shall notify the responsible officers of each campaign finance entity by e-mail that, within 7 days after the effective date of Section 1 of this Act, the

1 campaign finance entity must initiate the transfer of any contributions to the entity that
2 are held in the account of a third-party payment processor on the effective date of Section
3 1 of this Act to the designated campaign account of the campaign finance entity.

4 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take
5 effect July 1, 2021.

6 SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That, except as provided in
7 Section 3 of this Act, this Act shall take effect June 1, 2021.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.