

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

A BILL ENTITLED

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)

22 BY adding to
23 Article – Election Law
24 Section 13–107
25 Annotated Code of Maryland
26 (2022 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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.

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

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

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

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

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

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

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

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

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

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

30 (E) AN EXPLORATORY COMMITTEE MAY MAKE A DISBURSEMENT ONLY FOR
31 THE FOLLOWING:

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

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

(3) EMPLOYING STAFF;

(4) ESTABLISHING A WEBSITE;

(5) QUALIFYING PAID DIGITAL COMMUNICATIONS;

(6) RENTING OR LEASING OFFICE SPACE; AND

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

(F) 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) 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) (1) AN EXPLORATORY COMMITTEE SHALL RETURN ANY REMAINING FUNDS RECEIVED UNDER SUBSECTION (E) 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

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

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

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

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

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

3 **1. IF THE POTENTIAL CANDIDATE IS A MEMBER OF A**
4 **POLITICAL PARTY:**

5 **A. THE STATE CENTRAL COMMITTEE OF THE POLITICAL**
6 **PARTY; OR**

7 **B. A LOCAL CENTRAL COMMITTEE OF THE POLITICAL**
8 **PARTY;**

9 **2. IF THE POTENTIAL CANDIDATE ESTABLISHES AN**
10 **AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE, SUBJECT TO § 13–226 OF THIS**
11 **TITLE, THE AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE;**

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

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

16 **(I) A DONATION TO AN EXPLORATORY COMMITTEE IS NOT SUBJECT TO ANY**
17 **LIMITS.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
19 1, 2025.