

HOUSE BILL 192

G1, Q7

3lr0359
CF 3lr1684

By: **Delegates Palakovich Carr, Bagnall, Barve, Boaf, Charkoudian, Ebersole, Fair, Feldmark, Grossman, Guyton, D. Jones, Lopez, McCaskill, Ruth, Solomon, Stewart, Taveras, Terrasa, Washington, and Wells**

Introduced and read first time: January 19, 2023

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Cryptocurrency – Campaign Finance Prohibitions – Disclosures by Financial**
3 **Institutions**

4 FOR the purpose of prohibiting a campaign finance entity from depositing funds in a
5 cryptocurrency account; prohibiting certain persons subject to campaign finance
6 regulation from making or accepting contributions or donations using
7 cryptocurrency; prohibiting a campaign finance entity or a person acting on behalf
8 of a campaign finance entity from making an expenditure using cryptocurrency;
9 authorizing the State Administrator of Elections to investigate certain potential
10 violations of this Act and issue a subpoena in furtherance of an investigation;
11 altering the definition of financial institution for purposes of certain provisions of
12 law authorizing the Comptroller to request certain information and assistance to
13 include a virtual currency money transmitter; and generally relating to
14 cryptocurrency.

15 BY repealing and reenacting, without amendments,
16 Article – Election Law
17 Section 1–101(a)
18 Annotated Code of Maryland
19 (2022 Replacement Volume and 2022 Supplement)

20 BY adding to
21 Article – Election Law
22 Section 1–101(p–1), 13–238, 13–250, 13–604.1(b)(11), (12), and (13), and 13–604.3
23 Annotated Code of Maryland
24 (2022 Replacement Volume and 2022 Supplement)

25 BY repealing and reenacting, with amendments,
26 Article – Election Law

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Section 13–220(a) and (d), 13–234, and 13–604.1(b)(9) and (10)
Annotated Code of Maryland
(2022 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 13–804(a)(1) and (b)
Annotated Code of Maryland
(2022 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 13–804(a)(2) and (4)
Annotated Code of Maryland
(2022 Replacement Volume)

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.

(P–1) “CRYPTOCURRENCY” MEANS DIGITAL OR VIRTUAL CURRENCY THAT RELIES ON CRYPTOGRAPHY TO EFFECT TRANSFERS AND A DECENTRALIZED NETWORK TO RECORD TRANSACTIONS.

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) A CAMPAIGN FINANCE ENTITY MAY NOT DEPOSIT ANY FUNDS RECEIVED IN A CRYPTOCURRENCY ACCOUNT.

(d) (1) Subject to paragraph (3) of this subsection, a campaign finance entity may make a disbursement only by:

(i) check; or

(ii) **SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION**, an electronic method that the State Board authorizes by regulation.

(2) An electronic method of making a disbursement that the State Board authorizes under this subsection shall ensure that:

(i) the identity of the person making the disbursement may be verified;

(ii) the transaction is secure; and

(iii) there is an adequate record of the transaction.

(3) A campaign finance entity may make a disbursement to compensate a responsible officer of the campaign finance entity only by check.

(4) THE STATE BOARD MAY NOT AUTHORIZE A CAMPAIGN FINANCE ENTITY TO MAKE A DISBURSEMENT USING CRYPTOCURRENCY.

13–234.

(a) A contribution of money may be made only by:

(1) check;

(2) credit card;

(3) cash, if the contribution does not exceed \$100 in an election cycle; or

(4) **SUBJECT TO SUBSECTION (C) OF THIS SECTION**, an electronic method that the State Board authorizes by regulation.

(b) An electronic method of making a contribution that the State Board authorizes under this section shall ensure that:

(1) the identity of the person making the contribution may be verified;

(2) the transaction is secure; and

(3) there is an adequate record of the transaction.

(C) THE STATE BOARD MAY NOT AUTHORIZE A CONTRIBUTION TO BE MADE USING CRYPTOCURRENCY.

13-238.

(A) (1) A PERSON MAY NOT MAKE A CONTRIBUTION USING CRYPTOCURRENCY.

(2) A PERSON MAY NOT MAKE A DONATION USING CRYPTOCURRENCY TO A PERSON REQUIRED TO REGISTER UNDER § 13-306 OR § 13-307 OF THIS TITLE.

(B) (1) A CAMPAIGN FINANCE ENTITY MAY NOT ACCEPT A CONTRIBUTION MADE USING CRYPTOCURRENCY.

(2) A PERSON REQUIRED TO REGISTER UNDER § 13-306 OR § 13-307 OF THIS TITLE MAY NOT ACCEPT A DONATION MADE USING CRYPTOCURRENCY.

13-250.

A CAMPAIGN FINANCE ENTITY, OR A PERSON ACTING ON ITS BEHALF, MAY NOT MAKE AN EXPENDITURE USING CRYPTOCURRENCY.

13-604.1.

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

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

(10) soliciting a recurring contribution or donation without the affirmative consent of the contributor or donor as required in § 13-244 of this title;

(11) DEPOSITING FUNDS IN A CRYPTOCURRENCY ACCOUNT IN VIOLATION OF § 13-220(A)(4) OF THIS TITLE;

(12) MAKING A CONTRIBUTION OR DONATION USING CRYPTOCURRENCY OR ACCEPTING A CONTRIBUTION OR DONATION MADE USING CRYPTOCURRENCY IN VIOLATION OF § 13-238 OF THIS TITLE; AND

(13) MAKING AN EXPENDITURE USING CRYPTOCURRENCY IN VIOLATION OF § 13-250 OF THIS TITLE.

13-604.3.

1 (A) THE STATE ADMINISTRATOR OR THE STATE ADMINISTRATOR'S
2 DESIGNEE MAY INVESTIGATE A POTENTIAL VIOLATION OF § 13-220(A)(4), § 13-238,
3 OR § 13-250 OF THIS TITLE.

4 (B) THE STATE ADMINISTRATOR OR THE STATE ADMINISTRATOR'S
5 DESIGNEE SHALL:

6 (1) NOTIFY A PERSON THAT IS SUBJECT TO
7 AN INVESTIGATION UNDER THIS SECTION OF THE CIRCUMSTANCES THAT GAVE RISE
8 TO THE INVESTIGATION; AND

9 (2) PROVIDE THE PERSON AMPLE OPPORTUNITY TO BE HEARD AT A
10 PUBLIC MEETING OF THE STATE BOARD.

11 (C) (1) IN FURTHERANCE OF AN INVESTIGATION UNDER THIS SECTION,
12 THE STATE ADMINISTRATOR OR THE STATE ADMINISTRATOR'S DESIGNEE MAY
13 ISSUE A SUBPOENA FOR THE ATTENDANCE OF A WITNESS TO TESTIFY OR THE
14 PRODUCTION OF RECORDS.

15 (2) A SUBPOENA ISSUED UNDER THIS SUBSECTION SHALL BE SERVED
16 IN ACCORDANCE WITH THE MARYLAND RULES.

17 (3) IN ORDER FOR A SUBPOENA TO BE ISSUED UNDER THIS
18 SUBSECTION, THE STATE ADMINISTRATOR SHALL MAKE A FINDING THAT THE
19 SUBPOENA IS NECESSARY TO AND IN FURTHERANCE OF AN INVESTIGATION BEING
20 CONDUCTED UNDER THIS SECTION.

21 (4) ANY FILING SUBMITTED TO A COURT WITH RESPECT TO A
22 SUBPOENA UNDER THIS SUBSECTION SHALL BE SEALED ON FILING.

23 (5) IF A PERSON FAILS TO COMPLY WITH A SUBPOENA ISSUED UNDER
24 THIS SUBSECTION, ON PETITION OF THE STATE ADMINISTRATOR, A CIRCUIT COURT
25 OF COMPETENT JURISDICTION MAY COMPEL COMPLIANCE WITH THE SUBPOENA.

26 (D) AT THE CONCLUSION OF THE INVESTIGATION AND FOLLOWING THE
27 HEARING UNDER SUBSECTION (B)(2) OF THIS SECTION, THE STATE BOARD SHALL
28 ISSUE A PUBLIC REPORT OF ITS FINDINGS AND MAY:

29 (1) IMPOSE A CIVIL PENALTY IN THE AMOUNT AND MANNER
30 SPECIFIED IN § 13-604.1 OF THIS SUBTITLE; OR

(2) REFER THE MATTER FOR FURTHER INVESTIGATION BY THE STATE PROSECUTOR IF THE STATE BOARD HAS REASONABLE CAUSE TO BELIEVE THAT A PERSON HAS WILLFULLY AND KNOWINGLY VIOLATED § 13-220(A)(4), § 13-238, OR § 13-250 OF THIS TITLE.

Article – Tax – General

13-804.

(a) (1) In this section the following words have the meanings indicated.

(2) (i) “Account” means:

1. any funds from a demand deposit account, checking account, negotiable order of withdrawal account, savings account, time deposit account, money market mutual fund account, or certificate of deposit account;

2. any funds paid towards the purchase of shares or other interest in a financial institution, as defined in paragraph (4)(ii) and (iii) of this subsection; and

3. any funds or property held by a financial institution, as defined in paragraph (4)(iv) OR (V) of this subsection.

(ii) “Account” does not include:

1. an account or portion of an account to which an obligor does not have access due to the pledge of the funds as security for a loan or other obligation;

2. funds or property deposited to an account after the time that the financial institution initially attaches the account;

3. an account or portion of an account to which the financial institution has a present right to exercise a right of setoff;

4. an account or portion of an account that has an account holder of interest named as an owner on the account; or

5. an account or portion of an account to which the obligor does not have an unconditional right of access.

(4) “Financial institution” means:

(i) a depository institution, as defined in the Federal Deposit Insurance Act under 12 U.S.C. § 1813(c);

1 (ii) a federal credit union or State credit union, as defined in the
2 Federal Credit Union Act under 12 U.S.C. § 1752;

3 (iii) a State credit union regulated under Title 6 of the Financial
4 Institutions Article; [or]

5 (iv) **A VIRTUAL CURRENCY MONEY TRANSMITTER THAT IS**
6 **REGULATED UNDER TITLE 12 OF THE FINANCIAL INSTITUTIONS ARTICLE; OR**

7 (v) a benefit association, insurance company, safe deposit company,
8 money market mutual fund, or similar entity doing business in the State that holds
9 property or maintains accounts reflecting property belonging to others.

10 (b) The Comptroller may request from a financial institution information and
11 assistance to enable the Comptroller to enforce the tax laws of the State.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
13 1, 2023.