

HOUSE BILL 192

G1, Q7

3lr0359
CF SB 269

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

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 1, 2023

CHAPTER _____

1 AN ACT concerning

2 ~~Cryptocurrency~~ Currency – Campaign Finance Prohibitions – Disclosures by
3 Financial 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 monetary contributions or monetary donations
7 using ~~cryptocurrency~~ any currency other than United States currency; prohibiting a
8 campaign finance entity or a person acting on behalf of a campaign finance entity
9 from making ~~an~~ a monetary expenditure using ~~cryptocurrency~~ any currency other
10 than United States currency; authorizing the State Administrator of Elections to
11 investigate certain potential violations of this Act and issue a subpoena in
12 furtherance of an investigation; altering the definition of financial institution for
13 purposes of certain provisions of law authorizing the Comptroller to request certain
14 information and assistance to include a virtual currency money transmitter; and
15 generally relating to ~~cryptocurrency~~ currency.

16 ~~BY repealing and reenacting, without amendments,~~
17 ~~Article – Election Law~~
18 ~~Section 1–101(a)~~
19 ~~Annotated Code of Maryland~~
20 ~~(2022 Replacement Volume and 2022 Supplement)~~

21 BY adding to

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.



Article – Election Law

Section ~~1-101(p-1)~~, 13-238, 13-250, 13-604.1(b)(11), and (12), ~~and (13)~~, and
13-604.3

Annotated Code of Maryland

(2022 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,

Article – Election 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 MONETARY CONTRIBUTION USING CRYPTOCURRENCY ANY CURRENCY OTHER THAN UNITED STATES CURRENCY.

(2) A PERSON MAY NOT MAKE A MONETARY DONATION USING CRYPTOCURRENCY ANY CURRENCY OTHER THAN UNITED STATES CURRENCY 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 MONETARY CONTRIBUTION MADE USING CRYPTOCURRENCY ANY CURRENCY OTHER THAN UNITED STATES CURRENCY.

(2) A PERSON REQUIRED TO REGISTER UNDER § 13-306 OR § 13-307 OF THIS TITLE MAY NOT ACCEPT A MONETARY DONATION MADE USING CRYPTOCURRENCY ANY CURRENCY OTHER THAN UNITED STATES CURRENCY.

13-250.

A CAMPAIGN FINANCE ENTITY, OR A PERSON ACTING ON ITS BEHALF, MAY NOT MAKE ~~AN~~ A MONETARY EXPENDITURE USING CRYPTOCURRENCY ANY CURRENCY OTHER THAN UNITED STATES CURRENCY.

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 MONETARY CONTRIBUTION OR MONETARY DONATION USING CRYPTOCURRENCY ANY CURRENCY OTHER THAN UNITED STATES CURRENCY OR ACCEPTING A MONETARY CONTRIBUTION OR MONETARY DONATION MADE USING CRYPTOCURRENCY ANY CURRENCY OTHER THAN UNITED STATES CURRENCY IN VIOLATION OF § 13-238 OF THIS TITLE; AND

~~(13)~~ (12) MAKING ~~AN~~ A MONETARY EXPENDITURE USING CRYPTOCURRENCY ANY CURRENCY OTHER THAN UNITED STATES CURRENCY IN VIOLATION OF § 13-250 OF THIS TITLE.

13-604.3.

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

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

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

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

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

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

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

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

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

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

(1) IMPOSE A CIVIL PENALTY IN THE AMOUNT AND MANNER 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);

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

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

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

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

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

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.