

Chapter 8 – Contributions and Transfers

8.1 The Difference Between Contributions and Transfers

Maryland law makes a distinction between *contributions* and *transfers*. It is important to understand the difference, since contributions and transfers are reported differently on your campaign finance report.

A *contribution* is a gift or transfer of money or anything of value given to a political committee to promote or assist in promoting the success or defeat of a candidate, political party, or question. A contribution can be made by any individual, a business entity, a political club, a federal committee, or a labor union.

-§ 1- 101 of the Election Law Article

A *transfer* is only a monetary contribution made by one political committee to another. *For example:* a PAC may transfer money to a candidate committee. In addition, the law allows an out-of-state political committee to transfer money to a Maryland political committee if the out-of-state committee is properly registered with its own state's election authority. Federal committees are not considered out-of-state political committees and therefore cannot make transfers but can make contributions.

-§ 1-101 and § 13-227 of the Election Law Article

8.2 Contribution Limits

1. Generally

A person may contribute directly or indirectly no more than \$6,000 to one political committee/candidate during the election cycle.¹

-§ 13-226 of the Election Law Article

Election Cycle

2022 Cycle – 1/1/2019 through 12/31/2022

2026 Cycle – 1/1/2023 through 12/31/2026

2030 Cycle – 1/1/2027 through 12/31/2030

For example: Sidney Giver contributes \$6,000 to the Committee to Elect Bob D. Candidate on April 3, 2022. Sidney Giver cannot make any more contributions to the Committee to Elect Bob D. Candidate until the next four-year cycle begins (in this case January 1, 2023).

2. Contributions to a Candidate

The \$6,000 limit on contributions to the political committee of a candidate applies regardless of the number of offices sought by the candidate in separate elections during the election cycle or the number of authorized candidate committees formed to support the candidate, including slates.

-§ 13-226(d) of the Election Law Article

3. Exceptions

¹ The Office of Attorney General has advised that based on the holding of *McCutcheon v. Federal Election Commission*, the aggregate contribution limit in Election Law Article §13-226(b)(2) is unconstitutional and may not be enforced. Therefore, a person may make an unlimited aggregate amount of contributions but may not give more than \$6,000 to any one political committee.

- *Cash* – A person may make cash contributions in the aggregate up to \$100 in an election cycle to a political committee.
-§ 13–234 of the Election Law Article
- *Ballot Issue Committee* - There is no limit on how much an individual may contribute to a ballot issue committee.
- *Administrative donations*- A donation to the administrative account of a central committee or legislative party caucus, earmarked as such, is not subject to the \$6,000 limit and does not count toward the contributor’s contribution limit. Political committees may not make transfers to these administrative accounts. (*See Section 8.17 of the Summary Guide*).
-§ 13–220.1 of the Election Law Article
- *Compliance donations*- A donation to the compliance account established by a PAC is not subject to the \$6,000 limit and does not count toward the contribution limit. Political committees may not make transfers to these compliance accounts.
-§ 13–220.2 of the Election Law Article

4. Duty of the Committee

Every political committee has a duty to assist contributors to ensure compliance with Maryland law. The political committee must issue a receipt upon receiving one or more contributions in the cumulative amount of \$51.00 or more from a contributor; or upon request by the contributor regardless of the amount given.

A political committee may not enter a name of a contributor on a campaign finance report to circumvent contribution limits if known that the contribution was from a different person.

-§ 13–602 of the Election Law Article

It is unlawful for a committee to knowingly accept a coordinated expenditure over the legal contribution limits.

-§ 13–249 of the Election Law Article

5. Employer and Occupation

If an individual makes aggregate contributions of \$500 or more to a political committee, the individual must provide employer and occupation information to the committee for disclosure on the campaign finance report.

The committee is required to make the best efforts to collect the required employer and occupation information. See COMAR 33.13.02.02E for more information on the requirements.

8.3 **Transfer Limits**

1. Generally

A political committee may transfer no more than \$6,000 to another political committee during the election cycle.

- § 13-227 of the Election Law Article

For example: the ABC PAC transfers \$4,000 to the Committee to Elect Bob D. Candidate on February 16, 2023. ABC PAC then transfers another \$2,000 to the Committee to Elect Bob D. Candidate on January 31, 2024. The ABC PAC cannot make any more transfers to the Committee to Elect Bob D. Candidate until the next four-year cycle begins (in this case January 1, 2027). However, the ABC PAC can still make transfers to any other political committee not associated with Bob D. Candidate.

2. Exceptions

The transfer limit is unlimited for the following:

A. Between or among:

- State and local party central committees of the same political party;
- A slate and the authorized candidate campaign committees of a gubernatorial unit, if the slate consists entirely of a candidate for Governor and Lt. Governor; and
- A candidate's authorized campaign committees.

B. By the authorized candidate campaign committee to:

- A slate of which the candidate is a member
- A legislative party caucus committee that seeks to elect the candidate

The transfer limit is \$24,000 for an election cycle to an authorized candidate campaign committee from the following:

- A slate of which the candidate is a member
- A legislative party caucus committee that seeks to elect the candidate

3. Ballot Issue Committees

- Transfers from political committees to a ballot issue committee are not subject to transfer limits.
- Transfers from a ballot issue committee to a political committee, excluding a ballot issue committee, are limited to no more than \$6,000.

-§ 13-227 of the Election Law Article

8.4 **In-Kind Contributions and Independent Expenditures**

1. In-Kind Contributions

A. Generally

An in-kind contribution is a contribution given to a political committee in a form other than money. Normally, there are two types of transaction that may be considered an in-kind contribution: (1) a contribution given to a political committee in non-monetary form (e.g. services or property); or (2) a coordinated expenditure made on behalf of the candidate where the candidate knows of and consents to the expenditures.

In-kind contributions include items, services, goods, and anything of value provided to the political committee. The amount of an in-kind contribution is the fair market value of the good or service provided (at the time of the contribution).

Example: A person may contribute bumper stickers to a candidate's committee. The amount of the contribution equals the fair market value of the bumper stickers or, in this case, what the individual paid for the bumper stickers. It is important to remember that an in-kind contribution counts toward the donor's contribution limits.

B. Exceptions- Volunteer Activities

Services provided to a campaign for free or at a reduced cost will also be considered an in-kind contribution unless permitted as an individual's volunteer activity for a campaign. The contribution limits do not apply when an individual volunteers his or her own time to a campaign, or uses the individual's personal vehicle to provide transportation incident to an election.

-§ 13-233 of the Election Law Article

An individual is not considered a volunteer when a business or other person compensates the individual, directly or indirectly, for working on behalf of the campaign.

Example

- Sheets of Color, a commercial business, designs a logo for John D. Candidate, free of charge. Since Sheets of Color would normally charge \$1,000 for designing logos, the business has made an in-kind contribution of \$1,000 to John D. Candidate's committee. This \$1,000 counts toward Sheets of Color's contribution limits discussed in Section 8.2 of this Summary Guide.

C. Coordinated In-Kind Contributions

Coordinated in-kind contributions by a central committee or a legislative party caucus committee to a single candidate is subject to special contribution limits.

2. Independent Expenditures

A. Generally

Independent expenditures occur when a person or organization makes a disbursement expressly advocating the success or defeat of a candidate without coordinating with, or acting at the request or suggestion of the candidate, a political committee of the candidate, or an agent of the candidate. If cooperation or coordination exists between the person and the candidate, then the expenditure would be an in-kind contribution subject to the contribution limits.

B. Registration and Reporting

Any person who makes aggregate independent expenditures of \$5,000 or more in an election cycle on campaign material shall register with the State Board within 48 hours of meeting the threshold. Within 48 hours of making cumulative disbursements of \$10,000 or more in an election cycle, the person must file an independent expenditure report.

The report shall include the name of the candidate or ballot issue to which the independent expenditure relates and whether it supports or opposes that candidate or ballot issue. Additionally, the report shall include the names and addresses of any donors who made cumulative donations of \$6,000 or more to the person making the independent expenditure.

- § 13-306 of the Election Law Article

C. Coordination

A disbursement or a promise to make a disbursement by an independent expenditure entity is a coordinated expenditure if the disbursement:

- Is made at the request, direction, or suggestion of the candidate or agent of the candidate, political party, or ballot issue committee;
- Uses campaign material, strategies, or other campaign information that is not generally available to the public and was shared by a candidate or an agent of the candidate, political party, or ballot issue committee including information relating to:
 - Messaging or content of an advertisement;
 - Polling data;
 - Research on a candidate or issue;
 - Allocation of campaign resources;
 - Targeted or intended audience; or
 - Media plans for making a public communication, for example the specific media outlet to be used, the timing, frequency, or schedule for making the communication, and similar information;
- Republishes non-incident portions of campaign material prepared by the candidate, ballot issue committee or political party;
- Is made after details of the disbursement are privately discussed or disclosed with the candidate or agents of the candidate, political party, or ballot issue committee; or
- Involves any agreement between the person or entity and the candidate, political party or ballot issue committee regarding payment of expenses or receipt of contributions, including designs or schemes to evade Election Law disclosure requirements or contribution limits.

D. Shared Use of a Vendor

An independent expenditure entity is presumed to have made a coordinated expenditure if the during the 18-month period preceding the disbursement, the independent expenditure entity has retained the professional services of a vendor, an advisor, or consultant that has provided

professional services to the candidate or political party that is the beneficiary of the disbursement unless the entity employing the vendor, advisor, or consultant has established a firewall.

A firewall must be set up to prevent individual employees of the vendor, consultant, or advisor from working on both accounts within the 18-month period.

3. Expenditures by an Individual

Expenditures by an individual acting alone with personal funds, incurred to express purely personal political views, are not subject to registering as a political committee, but still may be subject to disclosure requirements for independent expenditures and authority line. The State Board has interpreted the phrase “acts independently of any other person” to mean the individual acted by him or herself without the use of paid consultants or vendors or in coordination with or at the request or suggestion of the candidate, a political committee of the candidate or an agent of the candidate.

- § 13-102 of the Election Law Article

8.5 Ticket Purchases/ Ad Purchases

Purchasing a ticket to attend a campaign fundraiser is considered by the State Board of Elections to be a contribution or a transfer to the political committee selling the tickets. It is a transfer if the ticket is purchased by another political committee or by an out-of-state political committee. It is a contribution if it is purchased by a person.

Purchasing ad space in a brochure at a political event benefiting a political committee, notably a central committee, is considered by the Board to be a transfer to the political committee subject to the transfer limits.

8.6 Contributions by Business Entities

A business entity is considered a person under Maryland law. Contributions made by business entities are subject to the \$6,000 contribution limit.

Contributions by different business entities are considered made by one contributor if:

- The business entities are owned or controlled by at least 80% of the same individuals or business entities; or
- One of the business entities wholly owns the other.

Please see COMAR 33.13.16 for the ownership and control standards.
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-§ 13-226(e) of the Election Law Article

If a contribution is from a business entity, the name and address of the entity (not the name of the person who signed the check on behalf of the business) should be entered in the account records, as well as in the campaign finance reports.

At the time a contribution is made, the contributing business entity shall determine whether an affiliated business entity has made a prior contribution to the political committee during the current

election cycle and if so, provide prompt written notice to the political committee of the prior contribution, including the name and address of the affiliated business entity.

-COMAR 33.13.16.02D

Disclosure by Business Entities

Like all other contributors, a business entity that contributes to a political committee does not have to file a separate report of the contribution. The political committee reports the contribution. The exception to this rule is for a business entity that:

- Does public business involving consideration of \$200,000 or more for a single contract (see Title 14 of the Election Law Article); **or**
- Employs a registered lobbyist for compensation in excess of \$500 during the reporting period (see § 5-716 of the General Provisions Article)

For the limited purpose of the Contribution Disclosure Statement, certain contributions and donations to political committees affiliated with candidates and independent expenditures entities that support or oppose candidates are attributed to the business entity. Contributions or donation made by the following are attributed to the business entity and must be disclosed on the statement:

- A. Officers, directors, and partners of the business entity;
- B. Subsidiaries of the business entity
- C. Officers, directors, and partners of the subsidiary of the business entity
- D. Employees or agents of the business entity if the contributions or donations were made at the direction or suggestion of the business entity or its officers;
- E. Affiliated political action committees of the business entity.

The Contribution Disclosure Statement is due semi-annually on the last day of May and November. Furthermore, the initial statement for persons doing public business is due at the time when the relevant contract is awarded, with a 24-month look-back period.

Failure to file the contribution disclosure statement will result in a late filing fee up to \$1,000.

The definition of “candidates” varies by registration criteria:

- For Doing Public Business: “Candidate” means any candidate for State, county, local or municipal office including any incumbent officeholder.
- For Employing a Lobbyist: “Candidate” means a candidate for, or an official holding, the office of Governor; Lieutenant Governor, Attorney General, Comptroller, or member of the General Assembly.

The registration of the business entities and filings are available at <https://www.businessdisclosure.elections.maryland.gov>

See COMAR Title 33 subtitle 20 and 22 for further requirements. Additional information may be obtained by calling the State Board or visiting the State Board’s website.

8.7 Transfers by Affiliated Political Committees

For the purposes of determining the aggregate amount of transfers made by a campaign finance entity and the aggregate amount of transfers received by a campaign finance entity, “affiliated” campaign finance entities are treated as a single entity. “Affiliated” means two campaign finance entities are organized and operated in coordination and cooperation with each other or otherwise conduct their operations and make their transfer or disbursement decisions under the control of the same individual or entity.

-§ 13-227(d) of the Election Law Article

8.8 Form of Contribution (cash, check, charge or electronic methods)

1. Contributions

A contribution may be made by the following methods:

- Check
- Credit Card/debit card
- Cash, if not in excess of \$100
- An electronic method approved by the State Board.

-§ 13-234 of the Election Law Article

Some approved electronic methods include electronic fund transfers (EFT), wire transfers, and debit card withdrawals transferred directly from the contributor’s account.

Text contributions to a political committee are permissible if the contribution amount is not greater than \$10 per text transaction.

-COMAR 33.13.11.03

2. Transfers

A transfer must be in monetary form and be made by check or electronic method authorized by the State Board. A political committee may not use a credit card or money order. However, there are instances when a political committee may want to give something of value (other than money) to another political committee. This is permissible, but it is **not** a transfer. A non-monetary donation would be an in-kind contribution, and subject to the *contribution limits, not the transfer limits*.

8.9 Determining When a Contribution is Received

Generally, a contribution or transfer should be considered received as of the date the political committee takes possession of it. However, if the date that a contribution or transfer by check is received is in a different election cycle than the date the check was

issued, the date the check was issued is considered the received date. For example: Mr. X issues a check on December 30, 2022. Committee Y does not receive it until January 3, 2023. Since the

Election Cycle

2018 Cycle – 1/1/2015 through 12/31/2018
2022 Cycle – 1/1/2019 through 12/31/2022
2026 Cycle - 1/1/2023 through 12/31/2026

check was issued in a different election cycle, Committee Y should treat the contribution as if it had been received on December 30th.

-§ 13-232 of the Election Law Article

8.10 Prohibited Contributions and Transfers

1. No Joint Contributions

Maryland law does not recognize joint contributions. A contribution made to a political committee must be attributed to a single person. If a political party receives a contribution with two names on the check, the contribution should be reported as a contribution by the signer of the check.

If the campaign has knowledge that the check is meant to be from both named individuals on the check, then the contribution should be split equally between the contributors and reported as separate contributions. For example: if you receive a \$100 check from George and Martha Washington, and the political committee has knowledge that both George and Martha Washington intended to make a contribution to the political committee, the \$100 check may be evenly split between both of them and reported on the committee's campaign finance report as (1) A contribution of \$50 from George Washington; and (2) a contribution of \$50 from Martha Washington.

If it is unclear whether or not a contribution is from both individuals, it is the duty of the campaign to contact the contributors to confirm their intention. The political committee must have a corresponding document as evidence of its knowledge in its account books for compliance and auditing purposes.

2. Anonymous Contributions

Anonymous contributions are strictly prohibited. Accordingly, the campaign treasurer may not accept money or things of value unless the identity of the contributor is known. If an anonymous contribution is received, it must be paid over to the Fair Campaign Financing Fund. When reporting the expenditure on the campaign finance report, please include a remark that states, "*This money is from an anonymous source and is being turned over to the Fair Campaign Financing Fund in accordance with § 13-239 of the Election Law Article, Annotated Code of Maryland.*"

Remit the payment of anonymous contributions to the State Board for processing.

-§ 13-239 of the Election Law Article

3. Pass-Through Contributions

A contribution may not be accepted in the name of any other person or entity but the name of the person making the contribution. A person may not use another person as a conduit to conceal the source of the contribution. For example, Johnny gives \$6,000 to Sally, a family member, so she can make a contribution to the Committee to Elect John Adams. Because the actual source of the contribution is Johnny and not Sally, this would be considered a pass-through contribution. Johnny is using Sally as a conduit for the contribution to conceal the fact he is the actual source of the funds.

Knowingly making a contribution in the name of another person or indirectly paying a campaign finance entity through another person or entity is a misdemeanor punishable by up to a \$1,000 fine and/or one year in jail.

- § 13-602(a)(4)&(5) of the Election Law Article

4. Contributions During the Legislative Session

Generally

Contributions may not be solicited, accepted, or deposited by the Governor, Lieutenant Governor, Attorney General, Comptroller, a member of the General Assembly, or a person acting on behalf of any of these individuals, during the Legislative Session, which begins on the second Wednesday in January of each year and continues for 90 days.

- § 13-235 of the Election Law Article

The prohibition applies to any political committee attached to the Governor, Lieutenant Governor, Attorney General, Comptroller, and members of the General Assembly. For example, a slate with a member of the General Assembly on it is prohibited from receiving a contribution even if all other members of the slate are not in the General Assembly.

Be aware that a “Save the Date” notice for a fundraising event held after legislative session but distributed during session is prohibited.

Fundraising for other political committees

The covered official may not solicit contributions for other candidates or political committees affiliated with candidates in different elections during legislative session. The use of a covered official’s name on a fundraising invitation gives the impression that the official is actively engaging in the solicitation for the fundraising event. Therefore, the name of the official may not be placed on fundraising invitations during legislative session.

Moreover, the covered official may not forward a solicitation email or post information regarding a fundraising event on their website or social media account.

Extended or Special Legislative Session

The restriction only applies to the regular 90-day legislative session and not to an extended or special session.

Exceptions

A covered official may fundraise during legislative session if the covered official is a filed candidate for a federal or local office. In order to be considered a filed candidate for federal office, the covered official must have on record with the Federal Election Commission a *Statement of Candidacy* prior to the commencement of fundraising activities. A courtesy copy of the *Statement of Candidacy* should be provided to the State Board.

In order to be considered a filed candidate for local office, the covered official must file a *Certificate of Candidacy* with the appropriate local board of elections. Again, the covered official may not engage in fundraising activities until the *Certificate of Candidacy* is on record.

A covered official running for Governor who participates in a public financing program may accept only eligible private contributions or a public contribution during session if the member has filed a *Certificate of Candidacy* and a *Notice of Intent to Qualify for Public Contribution* with the State Board.

Finally, a covered official may fundraise for out-of-State nonfederal candidates, ballot issue committees or charitable organizations during legislative session.

5. State Funded Entities

An entity that at any time during the election cycle derives the majority of its operating funds from the State may not make a contribution to a political committee during the election cycle.

- § 13-236 of the Election Law Article

6. Concealment of Source

Regardless of a political committee's compliance with applicable transfer limits, a political committee or contributor may be in violation of the campaign finance laws if a transfer is made for the purpose of concealing the source of the funds or the intended recipient.

- § 13-229 of the Election Law Article

A contributor may not make contributions to a political committee in excess of the limits by using another political committee as a conduit for the contribution.

A person may not make a contribution to a campaign in a name other than the person's name. If the campaign receives such a contribution, it must remit the contribution to the Fair Campaign Financing Fund.

7. Video Lottery Operators

A person may not make contributions to the campaign finance entity for a nonfederal candidate or the campaign finance entity organized in support of a nonfederal candidate if:

- 1) the person is an applicant for a video lottery operation license
- 2) the person holds a video lottery operation license; or,
- 3) the person owns a 5% interest or more in the operation of a video lottery facility in Maryland.

-§ 13-237 of the Election Law Article

8. Foreign Nationals

The Federal Election Campaign Act (FECA) prohibits any foreign national from contributing, donating or spending funds in connection with any federal, state, or local election in the United States, either directly or indirectly.

A foreign principal may not make a contribution to a ballot issue committee or a donation to a person that makes independent expenditures or electioneering communications relating to a ballot issue.

- § 13-236.1 of the Election Law Article

8.11 Receipts

Campaign contribution receipts must be issued for cumulative contributions of \$51 or more by a contributor. If a contributor requests a receipt, the receipt must be issued regardless of the amount contributed.

If you are using MD CRIS, the system can generate receipts for you.

- § 13-222 of the Election Law Article

Reminder:

All information recorded on a receipt must be included on the campaign finance report. While receipts are not always required, the name, address, and amount of every contributor, including those persons purchasing tickets or small items, regardless of the purchase amount, must be recorded in the treasurer's account books.

8.12 Contributions by the Candidate

The candidate or the candidate's spouse may make unlimited contributions or loans to the candidate's campaign committee. The money contributed must be given directly to the campaign treasurer to be deposited in the campaign bank account. Money contributed by the candidate cannot be repaid to the candidate. If the candidate gives money to the campaign with the expectation of possibly being repaid, the money must be reported as a loan to the campaign. Money loaned can be repaid, or if funds do not become available, converted into a contribution.

- § 13-231 of the Election Law Article

A candidate's business, even if wholly owned by the candidate, is not considered the personal funds of the candidate and is subject to the contribution limits.

8.13 Raffles and Wheels

1. Raffles

A political committee, or a candidate for public office, may conduct a raffle in which prizes in the form of cash or merchandise are awarded. The cost of a raffle ticket may not exceed \$5 and an individual may not purchase more than \$50 worth of tickets.

-§ 12-106 (b) of the Criminal Law Article

Please note, only an individual may purchase raffle tickets.

This section does not relieve the candidate or political committee from the reporting and record keeping requirements of the Election Law Article. Accordingly, the name and address of the purchaser and the amount of each purchase of raffle tickets (regardless of the number of tickets purchased) must be kept as part of the political committee's account books and records. (*See Chapter 14 of the Summary Guide.*)

2. Paddle Wheels and Wheels of Fortune

A paddle wheel or wheel of fortune may be used by a political committee at a political fundraiser. Please check with local jurisdiction prior to engaging in such activities.

The licenses and permits departments within these jurisdictions regulate the use of wheels at political fundraising events and should therefore be consulted before a wheel is used.

A treasurer is not required to identify in the account book of the committee each contribution given by each individual who purchases a spin on the wheel, provided:

- The cost to purchase each spin or chance on the wheel does not exceed \$2;
- Total receipts from wheels do not exceed \$2,500 per election;
- The net income from a wheel does not exceed \$1,500 in a 24-hour period at a single fundraising event; and
- The account book includes the total net amount received at the fundraising event at which the wheel is used and a listing of the names and addresses of the individuals who attended.

If a political committee raises or receives funds from a wheel in excess of any of the limitations, the political committee must either:

- Donate the excess funds to the charity of its choice; or
- Identify in the account book the amount received from each individual who purchased a spin or chance on the wheel.

-§ 13-240 of the Election Law Article

8.14 Payroll Deductions

1. Employer

An employer may accumulate in a separate, segregated escrow account the combined, voluntary, and periodic campaign contributions of employees made by payroll deduction.

The employer is required to keep detailed and accurate records of all payroll deductions, including:

- The name and address of the individual contributors;
- The date on which each contribution is withheld;
- The amount of each contribution withheld from an employee's paycheck; and
- The disposition of the contribution.

Within 3 months after withholding a contribution, the employer must transfer the contribution (along with the information listed above) to a treasurer of the appropriate political committee, which may be a political action committee (PAC) affiliated with the employer. The political committee is required to treat and report the contributions as if they came directly from the employees.

–§ 13-241 of the Election Law Article

An employer who solicits its employees to make political contributions by payroll deduction must inform each employee of the political purposes of the political committee to which the money will be transferred. The employee must also be informed of his or her right to refuse to contribute without reprisal. Finally, the employer may not receive or use money or anything of value if it is obtained:

- By physical force;
- By job discrimination;
- By financial reprisals;
- By threat of force, job discrimination, or financial reprisals;
- As a result of a commercial transaction; or
- As dues, fees, or other assessment required as a condition of membership in a labor organization or employment.

–§ 13-241(e) and (f) of the Election Law Article

2. Employee Membership Entities

If an employer withholds by payroll deduction an employee's dues to an employee membership entity (i.e. a union) the employee may also contribute by payroll deduction to one or more PACs affiliated with the membership entity. The employer is required to collect the contributions and transmit them to the employee membership entity designated by the employee.

The money accumulated by an employer under such a program must be deposited in a segregated escrow account maintained solely for that purpose and then within 30 days transfer the funds along with the detailed contributor information to the employee membership entity.

Within 30 days after receiving the money from the employer, the employee membership entity must transmit the employee contributions portion of the payroll deduction:

- To its affiliated PAC; or
- To a State or local chapter of the membership entity, if the contribution was designated for a PAC affiliated with the State or local chapter. The State or local chapter must transmit the funds to its affiliated PAC within 5 days after receipt.

The affiliated PAC, in conjunction with its employee membership entity and the employer, must keep detailed and accurate records of each contribution, including:

- The name and address of the individual contributors;
 - The date on which the payroll deduction was made;
 - The amount of the contribution to the PAC;
 - The name of the affiliated PAC designated by the employee to receive the contribution;
- and

- The date on which the contribution was received by the employee membership entity and the affiliated PAC.

The PAC is required to treat and report the contributions as if they came directly from the employees.

–§ 13-242 of the Election Law Article

The rules for soliciting, receiving, and using contributions by an employer payroll deduction to a political committee apply to an employee membership entity and the affiliated PAC.

–§ 13-242(f) of the Election Law Article

3. Reporting Payroll Deductions

Payroll deductions may be reported on campaign finance reports as a lump sum. The committee must report:

- the total amount received via the payroll deduction;
- the number of individuals making eligible contributions; and
- the average amount of the eligible contributions

However, once an individual has contributed \$51.00 or more in the election cycle, the individual must be reported separately and receive a receipt. Additionally, lump sum reporting is limited to \$25,000 per election cycle and does not relieve the political action committee of any requirements for the account books.

–§§ 13-222(a)(2) and 13-304(c)(5) of the Election Law Article

8.15 Collection by Membership Entities

1. Generally

A membership entity (an organization that collects dues from its members) may establish a program for periodically collecting voluntary contributions from its members for the membership entity's affiliated PAC. The contributions must be collected along with:

- Membership dues invoiced and collected by the affiliated entity on a periodic basis; or
- Voluntary contributions made to a federal PAC, if the federal PAC is also affiliated with the membership entity.

The membership entity is required to transfer the contributions to the affiliated PAC within 30 days of receiving the contributions.

The membership entity is required to maintain a detailed and accurate record of all contributions collected. The records must include:

- The name and address of the individual contributors;
- The date on which each contribution was received;
- The amount of each contribution; and
- The disposition of the contributions.

Example

The State Jugglers Association collects monthly dues from its members. The Association may collect a voluntary PAC contribution from each member along with the dues. Members will be able to write one check to the Association with the understanding that a portion of the money will be sent to the PAC by the Association within 30 days after receipt.

The PAC is required to treat and report the contributions as if they came directly from the individual members of the membership entity.

2. Rules Regarding Solicitation of Members

In soliciting a member to contribute to its affiliated PAC, a membership entity must inform the member of the political purposes of the PAC and that the member has the right to refuse to contribute to the PAC without reprisal. A contribution may not be secured, received, or used by the membership entity or its affiliated PAC if it is obtained as dues, fees or other assessment required as a condition of membership or by actual or threatened:

- Physical force;
- Membership discrimination; or
- Financial or professional reprisals.

- § 13-243 of the Election Law Article

8.16 Administrative Donations (Party Central Committees and Legislative Party Caucus Committees only)

Administrative donations are for non-campaign or non-electoral expenditures by a central committee or legislative party caucus committee.

1. Who can receive Administrative Donations?

Only a political party central committee and a legislative party caucus committee may receive administrative donations.

2. Who can make Administrative Donations and what are the limits?

A person may make unlimited administrative donations. The donation will not count against the person's \$6,000 contribution limit. The donation must be expressly earmarked as administrative; otherwise, it will be considered a normal campaign contribution subject to the limits.

Political committees are prohibited from making an administrative donation.

3. Receipt and Use of an Administrative Donation

A central committee or legislative party caucus committee may not commingle administrative donations with campaign funds. Administrative donations must be maintained in a separate account and may not be directed for any other use.

Administrative funds can only be used for non-campaign related expenses such as:

- Salary for permanent staff positions as defined in the by-laws;
- Office equipment and supplies;
- Cell phones, pagers and blackberries for permanent staff;
- Maintenance of a voter file;
- Voter registration activity;
- Generic issue polling prior to 60 days before an election;
- Rent, utilities and building maintenance for a permanent office;
- Bank charges and accounting fees for preparing taxes, or filing campaign finance reports; and similar routine accounting tasks;
- Legal fees.

Prohibited uses of administrative funds include paying for:

- Walk around services;
- Get out the vote activities;
- State or local candidate specific polling;
- Producing campaign material or political advertising;
- All other activities not expressly permitted in COMAR 33.13.13.06.

Please contact the State Board for further information.

4. Reporting Requirements

Administrative donations and disbursements are reported on the campaign finance report and must be identified as administrative.

8.17 Compliance Donations

Compliance donations are for non-campaign or non-electoral expenditures by a political action committee.

5. Who can receive Compliance Donations?

Only a political action committee may receive compliance donations.

6. Who can make Compliance Donations and what are the limits?

A person may make unlimited compliance donations. The donation will not count against the person's \$6,000 contribution limit. The donation must be expressly earmarked as compliance; otherwise, it will be considered a normal campaign contribution subject to the limits.

Political committees are prohibited from making an administrative donation.

7. Receipt and Use of a Compliance Donation

A political action committee may not commingle administrative donations with campaign funds. Compliance donations must be maintained in a separate account and may not be directed for any other use.

Compliance funds can only be used for non-campaign related expenses such as:

- To pay for the cost of setting up or modifying the payroll program to permit the business entity to offer its employees the option of making voluntary contributions by payroll deduction;
- The costs associated with filing campaign finance or disclosure reports;
- The costs of informing employees of their rights regarding participation or non-participation in a payroll deduction program;
- The costs associated with records retention for the political action committee; and
- The costs of legal services or other professional services in relation to the compliance of the political action committee

Prohibited uses of compliance funds include paying for:

- Election or campaign-related activities;
- Soliciting contributions for the political action committee.

Please contact the State Board for further information.

8. Reporting Requirements

Compliance donations and disbursements are reported on the campaign finance report and must be identified as compliance.

8.18 Contributions by Minors

Contributions by minors are permissible. However, the financial independence of the minor should be established. For example, a parent cannot contribute \$6,000 to a political committee and then give \$6,000 to his 2-year-old child so the child may also make a contribution. This scenario would be considered a pass-through contribution and an attempt to circumvent the contribution limitations.