

HOUSE BILL 898

G1
HB 1201/16 – W&M

7lr2251

By: **Delegates Ebersole, Lafferty, Lam, Lierman, Luedtke, McCray, Moon, Morales, Platt, Reznik, Tarlau, Turner, A. Washington, and M. Washington**

Introduced and read first time: February 6, 2017

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 15, 2017

CHAPTER _____

1 AN ACT concerning

2 **Election Law – Campaign Finance – Coordinated Expenditures**

3 FOR the purpose of prohibiting a person from making a coordinated expenditure in excess
4 of certain limits or making a donation to a person for the purpose of furthering a
5 coordinated expenditure in excess of certain limits; prohibiting a candidate or
6 political party from being the beneficiary of a coordinated expenditure in excess of
7 certain limits; providing that a person may not be considered to have made a
8 coordinated expenditure solely on certain grounds; providing that a person that
9 makes a disbursement to promote the success or defeat of a candidate or political
10 party at an election is presumed to have made a coordinated expenditure under
11 certain circumstances; providing that a person may rebut the presumption that the
12 person made a coordinated expenditure by obtaining a declaratory ruling from the
13 State Board of Elections; providing that a person, candidate, or political party that
14 willfully and knowingly violates this Act is guilty of a misdemeanor and on conviction
15 is subject to certain fines; authorizing the State Board to investigate a potential
16 violation of this Act in a certain manner; authorizing the State Board to impose a
17 certain civil penalty for an unintentional violation of this Act or refer a suspected
18 willful and knowing violation of this Act to the State Prosecutor; requiring a fine or
19 penalty under this Act to be paid by certain persons and distributed to the Fair
20 Campaign Financing Fund; authorizing the State Board to adopt regulations to
21 implement this Act; altering certain definitions; defining certain terms; making a
22 clarifying change; and generally relating to coordinated expenditures.

23 BY repealing and reenacting, with amendments,

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.



1 Article – Election Law
 2 Section 1–101(o) and (bb) and 13–604.1(d)
 3 Annotated Code of Maryland
 4 (2010 Replacement Volume and 2016 Supplement)

5 BY adding to
 6 Article – Election Law
 7 Section 13–249
 8 Annotated Code of Maryland
 9 (2010 Replacement Volume and 2016 Supplement)

10 BY repealing and reenacting, without amendments,
 11 Article – Election Law
 12 Section 13–306(a)(6)
 13 Annotated Code of Maryland
 14 (2010 Replacement Volume and 2016 Supplement)

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

17 **Article – Election Law**

18 1–101.

19 (o) (1) “Contribution” means the gift or transfer, or promise of gift or transfer,
 20 of money or other thing of value to a campaign finance entity to promote or assist in the
 21 promotion of the success or defeat of a candidate, political party, question, or prospective
 22 question.

23 (2) “Contribution” includes:

24 (i) proceeds from the sale of tickets to a campaign fund–raising
 25 event; and

26 (ii) [a disbursement or deposit of money or a gift, a subscription, an
 27 advance, or anything of value that is made by a person in coordination with, or at the
 28 request or suggestion of, a candidate or a campaign finance entity of a candidate] **A**
 29 **COORDINATED EXPENDITURE AS DEFINED IN § 13–249 OF THIS ARTICLE.**

30 (bb) (1) “Independent expenditure” means [an expenditure] **A DISBURSEMENT**
 31 **GIFT, TRANSFER, DISBURSEMENT, OR PROMISE OF MONEY OR A THING OF VALUE** by
 32 a person expressly advocating the success or defeat of a clearly identified candidate or ballot
 33 issue if the [expenditure] **DISBURSEMENT GIFT, TRANSFER, DISBURSEMENT, OR**
 34 **PROMISE OF MONEY OR A THING OF VALUE** is not made in coordination, **COOPERATION,**
 35 **CONSULTATION, UNDERSTANDING, AGREEMENT, OR CONCERT** with, or at the request

1 or suggestion of, a candidate, a campaign finance entity of a candidate, an agent of a
2 candidate, or a ballot issue committee.

3 (2) For purposes of this subsection, “clearly identified” means:

4 (i) the name of the candidate appears;

5 (ii) a photograph or drawing of the candidate appears; or

6 (iii) the identity of the candidate or ballot issue is apparent by
7 unambiguous reference.

8 **13-249.**

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

11 (2) (I) “CANDIDATE” HAS THE MEANING STATED IN § 1-101 OF
12 THIS ARTICLE.

13 (II) FOR PURPOSES OF THIS SECTION, “CANDIDATE” INCLUDES
14 A CANDIDATE, AN AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE, A SLATE
15 COMMITTEE, AND AGENTS OF A CANDIDATE, AN AUTHORIZED CANDIDATE CAMPAIGN
16 COMMITTEE, OR A SLATE COMMITTEE.

17 (3) “COMMUNICATION” INCLUDES SOCIAL MEDIA INTERACTIONS
18 WITH A CANDIDATE.

19 (4) (I) “COORDINATED EXPENDITURE” MEANS A DISBURSEMENT
20 OR AN ACTION TO CAUSE A DISBURSEMENT THAT:

21 1. PROMOTES THE SUCCESS OR DEFEAT OF A
22 CANDIDATE OR A POLITICAL PARTY AT AN ELECTION; AND

23 2. IS MADE IN COOPERATION, CONSULTATION,
24 UNDERSTANDING, AGREEMENT, OR CONCERT WITH, OR AT THE REQUEST OR
25 SUGGESTION OF, THE CANDIDATE OR POLITICAL PARTY THAT IS THE BENEFICIARY
26 OF THE DISBURSEMENT.

27 (II) “COORDINATED EXPENDITURE” INCLUDES A
28 DISBURSEMENT FOR ANY COMMUNICATION THAT REPUBLISHES OR DISSEMINATES,
29 IN WHOLE OR IN PART, A VIDEO, A PHOTOGRAPH, AUDIO FOOTAGE, A WRITTEN
30 GRAPHIC, OR ANY OTHER FORM OF CAMPAIGN MATERIAL PREPARED BY THE
31 CANDIDATE OR POLITICAL PARTY THAT IS THE BENEFICIARY OF THE
32 DISBURSEMENT.

1 (III) "COORDINATED EXPENDITURE" DOES NOT INCLUDE A
2 DISBURSEMENT FOR ANY COMMUNICATION THAT IS NOT A PUBLIC
3 COMMUNICATION.

4 (5) "COORDINATED SPENDER" MEANS A PERSON THAT MAKES A
5 DISBURSEMENT TO PROMOTE THE SUCCESS OR DEFEAT OF A CANDIDATE OR
6 POLITICAL PARTY AT AN ELECTION AND FOR WHICH ONE OF THE FOLLOWING
7 APPLIES:

8 (I) DURING THE ELECTION CYCLE, THE PERSON WAS DIRECTLY
9 OR INDIRECTLY FORMED OR ESTABLISHED BY OR AT THE REQUEST OR SUGGESTION
10 OF, OR WITH THE ENCOURAGEMENT OF, THE CANDIDATE OR POLITICAL PARTY THAT
11 IS THE BENEFICIARY OF THE DISBURSEMENT, INCLUDING DURING THE TIME
12 BEFORE THE INDIVIDUAL BECAME A CANDIDATE; OR

13 (II) DURING THE ELECTION CYCLE, THE PERSON IS
14 ESTABLISHED, FINANCED, DIRECTED, OR MANAGED BY A MEMBER OF THE
15 IMMEDIATE FAMILY OF THE CANDIDATE WHO IS THE BENEFICIARY OF THE
16 DISBURSEMENT, OR THE PERSON OR AN AGENT OF THE PERSON HAS HAD
17 SUBSTANTIVE DISCUSSIONS ABOUT THE CANDIDATE'S CAMPAIGN WITH A MEMBER
18 OF THE IMMEDIATE FAMILY OF THE CANDIDATE WHO IS THE BENEFICIARY OF THE
19 DISBURSEMENT.

20 (6) "DISBURSEMENT" INCLUDES A DEPOSIT OF MONEY OR A GIFT, A
21 SUBSCRIPTION, AN ADVANCE, OR OTHER THING OF VALUE.

22 (7) "DONATION" MEANS A GIFT OR TRANSFER, OR PROMISE OF GIFT
23 OR TRANSFER, OF MONEY OR OTHER THING OF VALUE TO A PERSON.

24 (8) "IMMEDIATE FAMILY" HAS THE MEANING STATED IN § 9004(E) OF
25 THE INTERNAL REVENUE CODE OF 1986.

26 (9) (I) "PERSON" INCLUDES AN INDIVIDUAL, A PARTNERSHIP, A
27 POLITICAL COMMITTEE, AN ASSOCIATION, A CORPORATION, A LABOR
28 ORGANIZATION, AND ANY OTHER ORGANIZATION OR GROUP OF PERSONS.

29 (II) "PERSON" DOES NOT INCLUDE A POLITICAL COMMITTEE
30 THAT EXCLUSIVELY ACCEPTS CONTRIBUTIONS THAT ARE SUBJECT TO THE LIMITS
31 UNDER § 13-226 OF THIS SUBTITLE.

32 (10) (I) "POLITICAL PARTY" HAS THE MEANING STATED IN § 1-101
33 OF THIS ARTICLE.

1 **(II) FOR PURPOSES OF THIS SECTION, “POLITICAL PARTY”**
2 **INCLUDES A POLITICAL PARTY, A CENTRAL COMMITTEE, A LEGISLATIVE PARTY**
3 **CAUCUS COMMITTEE, AND AGENTS OF A POLITICAL PARTY, CENTRAL COMMITTEE,**
4 **OR LEGISLATIVE PARTY CAUCUS COMMITTEE.**

5 **(11) (I) “PROFESSIONAL SERVICES” MEANS ANY PAID SERVICES IN**
6 **SUPPORT OF A POLITICAL CAMPAIGN, INCLUDING ADVERTISING, MESSAGE,**
7 **STRATEGY, POLICY, POLLING, COMMUNICATIONS DEVELOPMENT, ALLOCATION OF**
8 **CAMPAIGN RESOURCES, FUND-RAISING, AND CAMPAIGN OPERATIONS.**

9 **(II) “PROFESSIONAL SERVICES” DOES NOT INCLUDE**
10 **ACCOUNTING, LEGAL, PRINT, OR MAIL SERVICES.**

11 **(12) “PUBLIC COMMUNICATION” HAS THE MEANING STATED IN §**
12 **13-306 OF THIS TITLE.**

13 **(B) (1) A PERSON MAY NOT:**

14 **(I) MAKE A COORDINATED EXPENDITURE IN EXCESS OF THE**
15 **LIMITS ESTABLISHED UNDER § 13-226 OF THIS SUBTITLE; OR**

16 **(II) MAKE A DONATION TO A PERSON FOR THE PURPOSE OF**
17 **FURTHERING A COORDINATED EXPENDITURE IN EXCESS OF THE LIMITS UNDER §**
18 **13-226 OF THIS SUBTITLE.**

19 **(2) A CANDIDATE OR POLITICAL PARTY MAY NOT, DIRECTLY OR**
20 **INDIRECTLY, BE THE BENEFICIARY OF A COORDINATED EXPENDITURE IN EXCESS OF**
21 **THE LIMITS UNDER § 13-226 OF THIS SUBTITLE.**

22 **(C) A PERSON MAY NOT BE CONSIDERED TO HAVE MADE A COORDINATED**
23 **EXPENDITURE SOLELY ON THE GROUNDS THAT THE PERSON OR THE PERSON’S**
24 **AGENT ENGAGED IN DISCUSSIONS OR COMMUNICATIONS WITH A CANDIDATE**
25 **REGARDING A POSITION ON A LEGISLATIVE OR POLICY MATTER, PROVIDED THAT**
26 **THERE IS NO COMMUNICATION BETWEEN THE PERSON AND THE CANDIDATE**
27 **REGARDING THE CANDIDATE’S CAMPAIGN ADVERTISING, MESSAGE, STRATEGY,**
28 **POLLING, ALLOCATION OF CAMPAIGN RESOURCES, FUND-RAISING, OR OTHER**
29 **CAMPAIGN ACTIVITIES.**

30 **(D) A PERSON THAT MAKES A DISBURSEMENT TO PROMOTE THE SUCCESS**
31 **OR DEFEAT OF A CANDIDATE OR POLITICAL PARTY AT AN ELECTION IS PRESUMED**
32 **TO HAVE MADE A COORDINATED EXPENDITURE IF:**

1 **(1) THE PERSON IS A COORDINATED SPENDER WITH RESPECT TO THE**
2 **CANDIDATE OR POLITICAL PARTY THAT IS THE BENEFICIARY OF THE**
3 **DISBURSEMENT;**

4 **(2) DURING THE 18-MONTH PERIOD PRECEDING THE**
5 **DISBURSEMENT, THE PERSON EMPLOYS OR RETAINS A RESPONSIBLE OFFICER OF A**
6 **POLITICAL COMMITTEE AFFILIATED WITH THE CANDIDATE OR POLITICAL PARTY**
7 **THAT IS THE BENEFICIARY OF THE DISBURSEMENT;**

8 **(3) DURING THE 18-MONTH PERIOD PRECEDING THE**
9 **DISBURSEMENT, THE PERSON EMPLOYS OR RETAINS A STRATEGIC POLITICAL**
10 **CAMPAIGN, MEDIA, OR FUND-RAISING ADVISOR OR CONSULTANT OF THE**
11 **CANDIDATE OR POLITICAL PARTY THAT IS THE BENEFICIARY OF THE**
12 **DISBURSEMENT; OR**

13 **(4) (I) DURING THE 18-MONTH PERIOD PRECEDING THE**
14 **DISBURSEMENT, THE PERSON HAS RETAINED THE PROFESSIONAL SERVICES OF A**
15 **VENDOR, AN ADVISOR, OR A CONSULTANT THAT, DURING THE ELECTION CYCLE, HAS**
16 **PROVIDED PROFESSIONAL SERVICES TO THE CANDIDATE OR POLITICAL PARTY**
17 **THAT IS THE BENEFICIARY OF THE DISBURSEMENT; AND**

18 **(II) THE VENDOR, ADVISOR, OR CONSULTANT HAS NOT**
19 **ESTABLISHED A FIREWALL TO RESTRICT THE SHARING OF STRATEGIC CAMPAIGN**
20 **INFORMATION BETWEEN INDIVIDUALS WHO ARE EMPLOYED BY OR WHO ARE AGENTS**
21 **OF THE PERSON AND THE CANDIDATE OR POLITICAL PARTY THAT IS THE**
22 **BENEFICIARY OF THE DISBURSEMENT.**

23 **(E) A PERSON MAY REBUT THE PRESUMPTION UNDER SUBSECTION (D) OF**
24 **THIS SECTION BY PRESENTING SUFFICIENT CONTRARY EVIDENCE AND OBTAINING A**
25 **DECLARATORY RULING FROM THE STATE BOARD BEFORE MAKING A**
26 **DISBURSEMENT TO PROMOTE THE SUCCESS OR DEFEAT OF A CANDIDATE OR**
27 **POLITICAL PARTY AT AN ELECTION.**

28 **(F) (1) A PERSON THAT WILLFULLY AND KNOWINGLY VIOLATES THIS**
29 **SECTION IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE**
30 **NOT EXCEEDING:**

31 **(I) 300% OF THE AMOUNT BY WHICH THE COORDINATED**
32 **EXPENDITURE MADE BY THE PERSON EXCEEDED THE APPLICABLE CONTRIBUTION**
33 **LIMIT UNDER § 13-226 OF THIS SUBTITLE; OR**

34 **(II) 300% OF THE AMOUNT OF THE DONATION MADE TO A**
35 **PERSON FOR THE PURPOSE OF FURTHERING A COORDINATED EXPENDITURE IN**
36 **EXCESS OF THE LIMITS PRESCRIBED UNDER § 13-226 OF THIS SUBTITLE.**

1 **(2) A CANDIDATE OR POLITICAL PARTY THAT WILLFULLY AND**
2 **KNOWINGLY VIOLATES THIS SECTION IS GUILTY OF A MISDEMEANOR AND ON**
3 **CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING 300% OF THE AMOUNT BY**
4 **WHICH THE COORDINATED EXPENDITURE OF WHICH THE CANDIDATE OR POLITICAL**
5 **PARTY WAS THE BENEFICIARY EXCEEDED THE APPLICABLE CONTRIBUTION LIMIT**
6 **UNDER § 13-226 OF THIS SUBTITLE.**

7 **(G) (1) THE STATE BOARD MAY INVESTIGATE A POTENTIAL VIOLATION**
8 **OF THIS SECTION.**

9 **(2) THE STATE BOARD SHALL:**

10 **(I) NOTIFY A PERSON, CANDIDATE, OR POLITICAL PARTY THAT**
11 **IS SUBJECT TO AN INVESTIGATION UNDER THIS SUBSECTION OF THE**
12 **CIRCUMSTANCES THAT GAVE RISE TO THE INVESTIGATION; AND**

13 **(II) PROVIDE THE PERSON, CANDIDATE, OR POLITICAL PARTY**
14 **AMPLE OPPORTUNITY TO BE HEARD AT A PUBLIC MEETING OF THE STATE BOARD.**

15 **(3) AT THE CONCLUSION OF THE INVESTIGATION AND FOLLOWING**
16 **THE HEARING UNDER PARAGRAPH (2)(II) OF THIS SUBSECTION, THE STATE BOARD**
17 **SHALL ISSUE A PUBLIC REPORT OF ITS FINDINGS AND MAY:**

18 **(I) IMPOSE A CIVIL PENALTY AS PROVIDED IN PARAGRAPH (4)**
19 **OF THIS SUBSECTION IF THE STATE BOARD DETERMINES THAT A PERSON,**
20 **CANDIDATE, OR POLITICAL PARTY HAS UNINTENTIONALLY VIOLATED THIS SECTION;**
21 **OR**

22 **(II) REFER THE MATTER FOR FURTHER INVESTIGATION BY THE**
23 **STATE PROSECUTOR IF THE STATE BOARD HAS REASONABLE CAUSE TO BELIEVE**
24 **THAT A PERSON, CANDIDATE, OR POLITICAL PARTY HAS WILLFULLY AND**
25 **KNOWINGLY VIOLATED THIS SECTION.**

26 **(4) A CIVIL PENALTY UNDER PARAGRAPH (3)(I) OF THIS SUBSECTION:**

27 **(I) SHALL BE ASSESSED IN THE MANNER SPECIFIED IN §**
28 **13-604.1 OF THIS TITLE; AND**

29 **(II) MAY NOT EXCEED:**

30 **1. 100% OF THE AMOUNT BY WHICH THE COORDINATED**
31 **EXPENDITURE MADE BY THE PERSON EXCEEDED THE APPLICABLE CONTRIBUTION**
32 **LIMIT UNDER § 13-226 OF THIS SUBTITLE;**

1 **2. 100% OF THE AMOUNT OF THE DONATION MADE TO A**
2 **PERSON FOR THE PURPOSE OF FURTHERING A COORDINATED EXPENDITURE IN**
3 **EXCESS OF THE LIMITS PRESCRIBED UNDER § 13-226 OF THIS SUBTITLE; OR**

4 **3. 100% OF THE AMOUNT BY WHICH THE COORDINATED**
5 **EXPENDITURE OF WHICH THE CANDIDATE OR POLITICAL PARTY WAS THE**
6 **BENEFICIARY EXCEEDED THE APPLICABLE CONTRIBUTION LIMIT UNDER § 13-226**
7 **OF THIS SUBTITLE.**

8 **(H) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A**
9 **FINE OR PENALTY IMPOSED UNDER THIS SECTION SHALL BE PAID BY THE PERSON**
10 **THAT COMMITTED THE VIOLATION OR BY A POLITICAL COMMITTEE OF THE**
11 **CANDIDATE OR POLITICAL PARTY THAT COMMITTED THE VIOLATION.**

12 **(2) A SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A FINE OR**
13 **PENALTY UNDER THIS SECTION IS THE JOINT AND SEVERAL LIABILITY OF THE**
14 **CANDIDATE OR A DIRECTOR, A MANAGER, AN OFFICER, OR ANY OTHER INDIVIDUAL**
15 **EXERCISING DIRECTION OR CONTROL OVER THE ACTIVITIES OF THE PERSON,**
16 **AUTHORIZED CANDIDATE CAMPAIGN COMMITTEE, OR POLITICAL PARTY IF THE**
17 **PENALTY IS NOT PAID BY THE PERSON OR BY A POLITICAL COMMITTEE OF THE**
18 **CANDIDATE OR POLITICAL PARTY BEFORE THE EXPIRATION OF THE 1-YEAR PERIOD**
19 **THAT BEGINS ON THE LATER OF:**

20 **(I) THE DATE THE FINE OR PENALTY WAS IMPOSED; OR**

21 **(II) THE DATE OF THE FINAL JUDGMENT FOLLOWING ANY**
22 **JUDICIAL REVIEW OF THE IMPOSITION OF THE FINE OR PENALTY.**

23 **(3) A CANDIDATE MAY NOT BE JOINTLY AND SEVERALLY LIABLE FOR**
24 **A FINE OR PENALTY UNDER THIS SECTION UNLESS A COURT OR THE STATE BOARD**
25 **FINDS THAT THE CANDIDATE ENGAGED IN CONDUCT THAT CONSTITUTES**
26 **COORDINATION WITH A PERSON UNDER THIS SECTION.**

27 **(I) A FINE OR PENALTY IMPOSED UNDER THIS SECTION SHALL BE**
28 **DISTRIBUTED TO THE FAIR CAMPAIGN FINANCING FUND ESTABLISHED UNDER §**
29 **15-103 OF THIS ARTICLE.**

30 **(J) THE STATE BOARD MAY ADOPT REGULATIONS AS NECESSARY TO**
31 **IMPLEMENT THIS SECTION.**

32 13-306.

1 (a) (6) (i) "Public communication" means a communication by means of
2 any broadcast television or radio communication, cable television communication, satellite
3 television or radio communication, newspaper, magazine, outdoor advertising facility, mass
4 mailing, e-mail blast, text blast, or telephone bank to the general public, or any other form
5 of general public political advertising.

6 (ii) "Public communication" does not include:

7 1. a news story, a commentary, or an editorial disseminated
8 by a broadcasting station, including a cable television operator, programmer, or producer,
9 satellite television or radio provider, Web site, newspaper, magazine, or other periodical
10 publication, including any Internet or electronic publication, that is not controlled by a
11 candidate or political party;

12 2. an internal membership communication by a business or
13 other entity to its stockholders or members and executive and administrative personnel
14 and their immediate families, or by a membership entity, as defined under § 13-243 of this
15 title, to its members, executive and administrative personnel and their immediate families;
16 or

17 3. a candidate debate or forum.

18 13-604.1.

19 (d) (1) Except as **OTHERWISE PROVIDED IN THIS TITLE OR AS** provided in
20 paragraph (2) of this subsection, the amount of a civil penalty imposed under this section
21 may not exceed \$500 for each violation.

22 (2) As to a violation of § 13-235 of this title, the campaign finance entity
23 that receives a contribution as a result of a violation shall:

24 (i) refund the contribution to the contributor; and

25 (ii) pay a civil penalty that equals \$1,000 plus the amount of the
26 contribution, unless the State Board at its discretion assesses a lesser penalty for good
27 cause.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2017.