

Chapter 3 –Establishing and Closing a Political Committee

3.1 Establishing a Political Committee Statement of Organization

1. Generally

A Statement of Organization must be filed to establish a political committee. There is no fee charged for establishing a political committee. The Statement of Organization can be used to form every type of political committee, including a(n):

- Authorized Candidate Campaign Committee;
- Slate;
- Political Action Committee (PAC);
- State Ballot Issue Committee;
- Local Ballot Issue Committee;
- Legislative Party Caucus Committee;
- Party Central Committee;
- Independent Expenditure Committee;
- Independent Expenditure Electioneering Communication Entity;
- Super PAC;
- Participating Organization;
- Out-of-State Committee; and
- Public Financing Committee

<p>Political fundraising and spending is unlawful unless a Statement of Organization establishing a political committee has been filed with the State Board.</p>

-§§ 13-202, 13-207, 13-208 of the Election Law Article

A Statement of Organization must contain the name of the political committee it seeks to form and a statement of purpose. The statement of purpose must specify:

- The candidate or ballot question that the political committee was formed to promote or defeat.
- The identity of each special interest, including business interests, that the organizers of or contributors to the political committee share.
- Which election (Presidential, Gubernatorial, multiple) the political committee will participate in.

-§ 13-208 of the Election Law Article

2. Responsible Officers

All political committees require a Chair and Treasurer. For more information regarding

who may serve and the responsibilities of being an officer of a committee see Chapter 7.
- § 13-207(c) of the Election Law Article

3. Where to file

The Statement of Organization is filed at the State Board. A Statement of Organization may be filed electronically using MD CRIS. The electronic method of submission is faster and more efficient than a paper. If filed electronically, the State Board will send a confirmation email for the submission.

Once approved by the State Board, the responsible officers will receive acknowledgement notice and a temporary password to enter into MD CRIS.

4. Name of the Political Committee

The name of the political committee must abide by the following rules:

Type of Entity	Rule	Example
Candidate Committee	The committee must disclose the name of the candidate within the name of the committee.	Friends of Susan N. Wolfe
Slate	The committee name should include the word "slate" in the title.	Victory 2026 Slate
PAC	Committees sponsored by or affiliated with an entity or group must include the identity of the entity or group in the committee name. "Political Action Committee" must be used in the committee's name.	Speech Therapists PAC Insurance Company PAC
Ballot Issue Committee	A ballot issue committee name must indicate what position is being taken on the issue.	Committee in Support of Proposition 22

-§ 13-208(d) of the Election Law Article

5. Election Designation

When a political committee is formed, it must designate the election or elections in which it will participate: either the Gubernatorial or Presidential. If the committee spends or receives any money in connection with an election, then the committee is participating in that election. For any candidate committee, the designation must include the election year for the office sought. The designation will be effective for the duration of the committee. Once the committee indicates that it is participating in one of the elections, the committee will be required to file all of the campaign finance reports related to that election. In the other years, the committee will file only the Annual Report.

Election designation does not restrict political committees from receiving contributions and making expenditures in years not designated.

If the committee begins participating in an election which it did not designate, the responsible officers of the committee *must* notify the State Board immediately and begin to file all campaign finance reports in accordance with the reporting schedule, beginning with the first report due following the date of the committee's first financial transaction

relating to the relevant election. Failure to notify the State Board of participation and adding an election designation to the committee's registration may result in late fees or other penalties. ***See Section 11.1 of the Summary Guide for reporting dates.***

For example: Committee A designates the Gubernatorial Elections. This designation allows the committee to only file Annual reports during the other election years. However, on September 5, 2024, Committee A made a transfer of \$250.00 to a Baltimore City mayoral candidate. As a result of the transfer, Committee A is now considered to be participating in the Baltimore City election. As a result of the participation, Committee A is required to notify the State Board of its participation in the election and file the 2024 Presidential Pre-General and Post-General campaign finance reports.

Again, regardless of a committee's designation, the political committee is required to file an annual campaign finance report every third Wednesday in January.

Important: The State Board sends Pre-Report Notices to all political committees that owe a campaign finance report. If the committee receives a Pre-Report Notice, you must either file the report or immediately contact the State Board if you believe the notice was sent in error. Depending on the type of political committee formed, campaign finance reports are due at different times through the year.

- § 13-309(b) of the Election Law Article

3.2 When a Political Committee Needs to be Established

1. Generally

A political committee needs to be established when two or more individuals want to receive or disburse money, or any thing of value, to promote the success or defeat of a candidate, political party, or ballot question by raising and spending money.

2. Candidates

Candidates are required to open an authorized candidate campaign committee prior to engaging in any campaign finance activity (i.e. receiving contributions or making expenditures) but not later than filing a Certificate of Candidacy or Declaration of Intent.

- § 13-202 and 13-207 of the Election Law Article

3.3 When to Close a Campaign Finance Entity

In most cases, the decision on when to close a political committee is left to the Chair and Treasurer of the committee. Losing an election does not mean that the campaign committee automatically closes. It will remain active until a final report is filed. However, there are instances when a political committee *must* be closed.

An authorized candidate campaign committee must close and file a final report within eight (8) years after the latest of:

- The end of the individual's most recent term of office; or

- The date of the last election in which the individual was filed as a candidate.

-§ 13-310 of the Election Law Article

A slate must close and file a final report if it does not have two eligible candidates as members because it does not meet the statutory definition of a slate.

-§ 1-101(o) and 13-209(d) of the Election Law Article

3.4 How to Close a Political Committee

3. Generally

A political committee must have:

- Zero bank balance and cash on hand;
- No outstanding obligations or debts (including any loans from the candidate);
- Disposed of all property or assets of the committee; and
- No outstanding late fees or civil citations.

-§ 13-311 of the Election Law Article

Note: When a political committee closes, items purchased by the committee, such as equipment and furniture, must be sold, and the money from the sale must be disposed of in the same manner as other surplus funds. These items cannot be retained by the candidate or a committee officer unless purchased.

If the above conditions are satisfied, the political committee may file a final or closeout campaign finance report.

4. Surplus Funds

If a political committee wishes to close and file a final report and has paid off all outstanding obligations, any money remaining is considered surplus funds. Surplus funds must be disposed of in one or more of the following ways:

- Returned, pro rata, to the contributors; or
- Paid to a state or local party central committee or legislative party caucus committee, provided:
 - o The candidate is a member of that party and, if the funds are paid to a local central committee, the central committee is located in the same county in which the candidate resides or seeks to represent; and
 - o In the case of a non-candidate committee, the committee is acting for the party.
- Under these circumstances, the funds may also be paid to the local Board of Education of the county in which the candidate resides or seeks to represent;
- Paid to a recognized non-profit organization that provides services or funds for the benefit of pupils and teachers;

- Paid to a charitable organization registered or exempt from registration under the Maryland Charitable Solicitations Act¹⁰;
- Paid to the Fair Campaign Financing Fund; or
- Paid to any public or private institution of higher education in this State provided:
 - The institution possesses a certificate of approval from the Maryland Higher Education Commission; and
 - The funds are designated for use by the institution solely to award scholarships, grants, or loans to students attending the institution¹¹.

- § 13-247 of the Election Law Article

5. Process

Committee Actions Required:

- The campaign finance report must be marked “Final” in order to close, otherwise the committee will remain open and active regardless of its financial activity or cash balance.
- In MD CRIS, simply select “File a Closeout Report” when filing the report to indicate that the report is a final report.

State Board Approval Required:

- The committee is not officially closed until the responsible officers receive confirmation from the State Board. A political committee may not be officially closed if, according to the State Board records:
 - a. There is an outstanding campaign finance report due (including State Board amendments required);
 - b. The committee owes late fees; or
 - c. The reports filed are not in compliance; such as a negative cash on hand balance.

4. Negative Balance

A committee may not close with a negative cash on hand balance. A negative balance usually results from the failure to report all income including money loaned or contributed by the candidate. If a report reflects a negative balance, the committee will need to review and audit its past reports and account books and file an amended report(s).

¹⁰ To determine which charitable organizations are registered or exempt from registration under the Maryland Charitable Solicitations Act, please call the Secretary of State’s Office at (410) 974-5521. *Also see* www.sos.state.md.us.

¹¹ To determine which public or private institutions of higher education have received certificates of approval from the Maryland Higher Education Commission, please call (800) 974-0203. *Also see* www.mhec.state.md.us.

5. Outstanding Obligations

A. Candidate Loans

In the case of an outstanding loan to the campaign from the candidate or the candidate's spouse, the candidate has the option of forgiving the loan and converting it into a contribution (contributions or monies from a candidate or the candidate's spouse to the candidate's campaign account are unlimited). In order to file a final report, the campaign finance report must reflect the conversion of the loan to a contribution and must include a letter of forgiveness from the candidate.

B. Other Loans

Outstanding loans from persons other than the candidate or the candidate's spouse may be forgiven only up to the contribution limit and must be documented in the same manner described above. If the converted loan plus other contributions from the same individual or person exceeds the \$6,000 contribution limit to the committee, a violation may have occurred.

C. Bills

The political committee must make every effort to repay the debt. However, if the political committee, due to extenuating circumstances, is unable to pay the debt, the political committee may close only after producing documentation satisfactory to the State Board of the political committee's inability to pay. The State Board's action to close a political committee does not limit the right of a creditor to bring an action against the responsible officers or candidate of the political committee. Additionally, failure to pay may be considered an in-kind contribution subject to the contribution limits. The failure to pay the bill may result in an over-contribution and possible enforcement actions.

6. Payments to SBE

To process late fee payments, civil citation payments, and Fair Campaign Fund payments, contact the Campaign Finance Department at (410) 269-2880. Visa, Mastercard, check, and ACH payment methods are accepted.