

Campaign Finance News



Maryland State Board of Elections, 151 West Street, #200, Annapolis, MD 21401 (410) 269-2880

Volume 7, Winter 2005

Important Dates

- January 5, 2006 -
Compliance Class
- January 11, 2006 -
Legislative Session Begins
- January 18, 2006 -
2006 Annual Report Due
- January 31, 2006 -
Compliance Class
- February 6, 2006 -
Contribution
Disclosure Form due
for persons doing
business with the
Government



Classes

SBE conducts an informational class about operating a campaign finance entity. Below are dates for the upcoming classes:

January 5, 2006 -
6pm-8pm
State Board of Elections
Annapolis, MD

January 31, 2006 -
6pm - 8pm
State Board of Elections
Annapolis, MD

If you are planning to attend, please RSVP by calling 1-800-222-8683 ext 4 or 410-269-2880. Directions to the State Board of Elections office is available online at www.electionsmaryland.com.

Fundraising During Session

The Governor, Lieutenant Governor, Attorney General, Comptroller and members of the General Assembly running for a state office must cease all fundraising activities during the legislative session. The incumbent official cannot receive a contribution, conduct a fundraising event, solicit or sell a ticket to a fundraiser or deposit or use any contribution not previously deposited. A contribution is attributed to the date it is received, not when issued.

A frequently asked question is when the prohibition begins. The answer is contributions may be received and deposited up until the official start of session at 12 noon, January 11. Additionally, a contribution received prior to the start but not deposited does not have to be returned. However, it cannot be deposited until after the conclusion of the legislative session.

Non-incumbent candidates for state office may fundraise during session. However, if the non-incumbent candidate is a member of a slate that includes a member of the prohibited class, the slate is prohibited from fundraising during session. The non-incumbent candidate can fundraise through his/her personal candidate committee only.

The law does allow the Governor, Lieutenant Governor, Attorney General, Comptroller and members of the General Assembly to fundraise during session if related to that official's election to federal or local office. The official must be an officially filed candidate with the appropriate board of elections.

Reporting Requirements

While the use of a campaign consultant to perform a variety of campaign related activities is permissible, it does create a challenge for reporting purposes. Campaign Finance Reports are supposed to inform the public on how the campaign funds are being used. Simply recording a large expenditure for, "consultant services" is not sufficiently descriptive. Accordingly, a further explanation of the work performed by consultants is needed. This explanation or description should be placed in the Remarks section in Schedule 2. Additionally, the expenditure to a consultant must use the correct code of expenditures. For example, the Committee of Candidate X hires consultant firm ABC to produce television commercials and hire workers for Election Day. On the committee's report, ABC Consultants are entered separately for each different project performed; one for the media expense and the other for field. The check number may be the same. Under the remarks, for the media expense, the Treasurer would enter television commercials and for the field, Election Day workers.



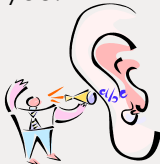
Reporting Dates:

- Annual Report Due 1/18/2006
- Pre-Primary 1 Report Due 8/15/2006
- Pre-Primary 2 Report Due 9/01/2006
- Pre-General Report Due 10/27/2006
- Post-General Report Due 11/28/2006



Sign Up for Updates Electronically:

If you wish to receive this publication and other updates in the future via email, please phone the SBE with your email address or register your email address at CCF@elections.state.md.us. Thank you.



Contacting the Division of Candidacy and Campaign Finance:

Phone: 410-269-2880 or 800-222-8683 ext 4
 Help Desk: 410-269-2840 x 4 or 800-222-8683 x 6
 Website: www.electionsmaryland.com
 Email: CCF@elections.state.md.us

Direct Charitable Donations

Due to recent events in the Gulf Coast, the Candidacy and Campaign Finance Division (CCF) has received numerous calls about making donations with campaign funds. CCF has issued a guidance on the matter which is also available on the website. Generally, campaign funds may not be used for charitable purposes. Maryland law requires campaign funds to be used solely for the purpose of supporting or opposing a candidate, question, or political committee. Furthermore, it is important to keep in mind that contributors give to campaign committees for one important reason – they want to support the committee’s candidate, question, or political party. When campaign funds are spent for a non- campaign related purpose, it frustrates the intent of the contributor.

However, there are instances when a charitable donation is permissible because it is for a campaign purpose. For example, a candidate may permissibly use campaign funds to attend a charitable event since attending the event increases the candidate’s visibility and allows the candidate to network with potential voters and donors.

In addition, the Attorney General’s office has stated that it is permissible for a campaign committee to make an expenditure that is not for a campaign purpose (i.e. a charitable donation) provided it is isolated in occurrence and is minimal in comparison to what the campaign finance entity raises and expends.

Audit Process

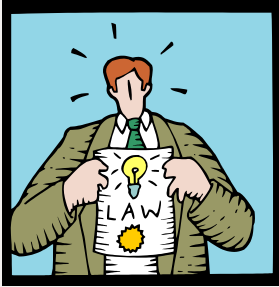
The Candidacy and Campaign Finance (CCF) Division concluded the auditing of the 2005 Annual Report. This is a normal review process for every campaign finance entity. If you have received a deficiency notice, the extended deadline to amend the report was December 20, 2005. Failure to file a corrected or amended campaign finance report will be deemed a failure to file and late fees can be assessed.

During our review, the most common deficiencies were missing or incomplete addresses on Schedule 1 and Schedule 2, incorrect entries for reimbursements, and a lack of explanation for expenditures. Remember, you are required to get the full address when receiving contributions or making expenditures. As for reimbursements, the campaign finance report must include the ultimate destination of campaign funds. For example, Bob Smith, a campaign volunteer buys office supplies for the campaign at Office Depot and is reimbursed by the campaign. Office Depot is entered under the payee column and Bob as the reimbursee in the same row. Please consult the new ELECTrack User Guide on the correct way to enter reimbursements. Finally, some expenses require more explanation on how they relate to the campaign, i.e. how they are a proper expenditure. Providing a detailed description in the remarks section could clarify the expense that may appear to an auditor as a gift, charitable donation or non-campaign related.

Database Recovery

CCF provides a database recovery service for all committees. This entails recreating the committee’s account of contributions and expenditures. Due to the extensive staff time needed to reconstruct a committee’s entire database, CCF charges a fee of \$50. Payment is required prior to the release of the database.

Remember Maryland law does not allow for any extensions for extenuating circumstances. If the committee is unable to file on time, the committee will be charged late fees.



Did you Know?

One of the first pieces of legislation on campaign finance occurred in 1867.

The Naval Appropriation Bill of 1867 prohibited officers and employees of the government from soliciting money from naval yardworkers.

New Guides

CCF is pleased to announce it has updated the Summary Guide (Blue Book) with the most recent changes in the law. The Supplemental Summary Guide is available on the website, www.electionsmaryland.com.

Also, CCF has updated the User Guide to ELECTTrack. It is complete with step by step instructions with graphics on how to enter contributions, reimbursements, expenditures and bills. This is available on the website as well.

If you are unable to download the documents from the Internet, CCF will provide a computer disk containing both documents.

Frequently Asked Questions

Can a federal PAC give to a MD campaign finance entity?

Yes, a federal PAC is treated like a person under Maryland law. The contribution limits are \$4,000 per campaign finance entity and \$10,000 aggregate for the election cycle.

Can I use old campaign material for this campaign?

Yes, but only if the committee name and authority line remains identical. For example, a personal treasurer account cannot use the same campaign paraphernalia from a previous campaign if the treasurer is different.

Can a campaign finance entity pay late fees?

Maryland law states that a campaign finance entity cannot pay for late fees. This means that payment must be via a personal check from a person. If it is a corporate PAC, then the same principle holds true - meaning the fees cannot be paid by the PAC but may be a check from one of the responsible officers or the company.

Can I invest campaign funds in a certificate of deposit (CD) that matures before the election?

No. Committee funds must be placed only in accounts where they can be drawn upon immediately without penalty.

If I do a "Pass the Hat" fundraiser, is it required I know all who contributed and the amount?

Yes. The committee needs to know the name and address of every contributor and amount they gave, otherwise the income is anonymous and illegal.

Is the use of a business telephone(s) by a campaign for election related activities such as polling an in-kind contribution?

Yes. The campaign must report the use and cost of the telephone(s) as an in-kind contribution subject to the \$4,000 contribution limit.

For every credit card contribution, a fee is assessed for the transaction. How should this be reported?

A person makes a credit card contribution of \$100 to a candidate committee. The candidate committee hired a service to process the transaction. The hired service charges 1% on the amount per transaction. The candidate committee reports receiving a contribution of \$100 from the person and also reports making an expenditure of \$1 to the hired service. It is not necessary to make the expenditures for every transaction but the cumulative total weekly or monthly depending on how the committee is billed.

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Deputy Administrator
Jared DeMarinis,
*Director of Candidacy
& Campaign Finance*

Central Committee Coordinated Campaign Contribution Limits

State:	\$1,513,598		
Allegany:	\$21,418.50	Harford:	\$66,104.50
Anne Arundel:	\$146,382	Howard:	\$79,870
Baltimore City:	\$163,293.50	Kent:	\$5,374
Baltimore County:	\$225,832.50	Montgomery:	\$252,284
Calvert:	\$22,663	Pr. George's:	\$208,768
Caroline:	\$7,074	Queen Anne's:	\$12,321.50
Carrol:	\$46,439.50	St. Mary's:	\$24,334
Cecil:	\$24,187	Somerset:	\$6,164.50
Charles:	\$34,040.50	Talbot:	\$11,540
Dorchester:	\$8,770.50	Washington:	\$38,411.50
Frederick:	\$60,136	Wicomico:	\$22,961.50
Garrett:	\$8,416.50	Worcester:	\$16,781

Announcement

The State Board of Elections welcomes two new board members, Thomas Fleckenstein and Bobbie Mack.