

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 587
Ways and Means

(Delegate M. Jackson)

Campaign Finance Entities - Treasurers - Surety Bond Requirement

This bill requires that each treasurer of a campaign finance entity be covered by a surety bond that (1) runs to the campaign finance entity of the treasurer; (2) includes provisions that secure the money of the campaign finance entity; (3) is conditioned on the faithful performance of the treasurer as custodian of the money of the campaign finance entity in accordance with the requirements of State campaign finance law; (4) is in the amount required by the State Board of Elections (SBE); (5) is filed with SBE; and (6) meets any other requirements established by SBE.

Fiscal Summary

State Effect: The bill is not expected to materially affect State finances.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Campaign Finance Entities

Unless otherwise expressly authorized by law, all campaign finance activity for an election under the Election Law Article of the Annotated Code must be conducted through a campaign finance entity (defined as a political committee established under Title 13 of the Election Law Article). An individual may not file a certificate of candidacy or a declaration

of intent until the individual establishes, or causes to be established, an authorized candidate campaign committee (a campaign finance entity authorized by the candidate to promote the candidate's candidacy). For each election in which a campaign finance entity participates, it generally must file campaign finance reports at various times prior to and after the primary and general elections, as well as an annual report. The reports must contain information required by SBE with respect to all contributions received and all expenditures made by or on behalf of the campaign finance entity during a reporting period.

Responsible Officers

A campaign finance entity must have a chairman and a treasurer, who are the responsible officers of a campaign finance entity. A campaign finance entity may not receive or disburse money or any other thing of value if there is a vacancy in the office of chairman or the office of treasurer. The chairman and treasurer are jointly and severally responsible for (1) filing all campaign finance reports in full and accurate detail and (2) except as otherwise provided under State campaign finance law, all other actions of the entity.

Treasurer – Control of Contributions and Expenditures

All assets received by or on behalf of a campaign finance entity must be delivered to the treasurer and maintained by the treasurer for the purposes of the campaign finance entity. Assets of a campaign finance entity may be disbursed only (1) if they have passed through the hands of the treasurer and (2) in accordance with the purposes of the entity. Subject to certain exceptions, the treasurer must make all disbursements for the campaign finance entity.

Background: As described by the National Association of Surety Bond Producers (NASBP), “[a] surety bond is a promise to be liable for the debt, default, or failure of another. It is a three-party contract by which one party (the surety) guarantees the performance or obligations of a second party (the principal) to a third party (the obligee).”

NASBP indicates that there are two broad categories of surety bonds: (1) contract surety bonds (written for construction projects) and (2) commercial surety bonds, which cover a broad range of surety bonds, including public official bonds (such as county clerk bonds, tax collector bonds, notary bonds, and treasurer bonds), which guarantee performance by the principal of the obligation or undertaking described in the bond.

Small Business Effect: Small businesses may meaningfully benefit from the bill to the extent there are small businesses in the surety industry that are able to take advantage of the demand for surety bonds created by the bill. There are approximately 2,000 Maryland campaign finance entities whose treasurers would need to be covered by surety bonds under the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): State Board of Elections; National Association of Surety Bond Producers; Surety and Fidelity Association of America; Department of Legislative Services

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mr/hlb

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