

Title 33 State Board of Elections

Subtitle 13 Campaign Finance

Chapter 15 Political Action Committees

Authority: Election Law Article, §§2-102(b)(4), 13-220.2, and 13-309.1, Annotated Code of Maryland

.08 Establishment of the Compliance Account.

Prior to the receipt or disbursement of compliance funds, a political action committee shall establish a compliance account by:

- A. Opening a checking account at a financial institution that does business in the State, which checking account shall be:
 - (1) Designated as the compliance account; and*
 - (2) Segregated from the campaign accounts of the political action committee as required under Election Law Article, §13-220, Annotated Code of Maryland; and**
- B. Registering the compliance account with the State Board in a manner that identifies it as the compliance account of the political action committee.*

.09 Management of the Compliance Account.

- A. Account Books. The political action committee shall:
 - (1) Maintain account books and records for the compliance account in accordance with the requirements of Election Law Article, §13-221, Annotated Code of Maryland;*
 - (2) Segregate the account books and records for the compliance account from the account books and records required for campaign accounts;*
 - (3) Allow the responsible officers access to the account books and records of the compliance account; and*
 - (4) Report all donations received, disbursements made, and outstanding obligations incurred by the compliance account on the political committee's regularly scheduled campaign finance report in accordance with Election Law Article, §13-309, Annotated Code of Maryland.**
- B. Other Permissible Accounts or Investments.
 - (1) In addition to the checking account required under Regulation .08 of this chapter, a political action committee may establish additional bank accounts or temporarily invest compliance funds.*
 - (2) Compliance funds may be invested only in:
 - (a) Deposit accounts at a financial institution that are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA);*
 - (b) Certificates of deposit with a stated rate of interest and a term of 3 years or less;*
 - (c) Obligations of the U.S. Government or its agencies with maturities of 3 years or less; and*
 - (d) Cash management accounts, money market accounts, or money market mutual funds that are offered and available to the general public.***

.10 Required Reporting and Contents of Compliance Accounts.

- A. Disclosure. The political action committee shall report all donations received, disbursements made, and any liabilities or outstanding obligations incurred regarding the compliance accounts on the regularly scheduled campaign finance report or disclosure report for that political action committee.*
- B. Donations Received. For donations deposited into a compliance account, the campaign finance or disclosure report shall include:
 - (1) The date that the donation was received;*
 - (2) The amount of money or fair market value of the donation;*
 - (3) The name of:
 - (a) The individual who made the donation;*
 - (b) The business entity or other legal entity that made the donation; or*
 - (c) The non-federal, out-of-State political committee that made the donation;**
 - (4) The address of the donor, provided that:
 - (a) If the donor is an individual:
 - (i) The address where the individual resides or receives residential mail; or*
 - (ii) An alternate address approved by the State Board if the State Board has granted the individual's request for confidentiality under COMAR 33.04.02; or**
 - (b) If the donor is a business entity or other legal entity, the address where that business entity or other legal entity is registered, does business or receives official mail;***

- (5) *The method of the transaction and any other information on the transaction method required by the State Administrator;*
- (6) *The aggregate amount of donations received to date from the donor for the election cycle in which the campaign finance report is filed; and*
- (7) *A designation on the campaign finance or disclosure report that the donation was to the compliance account.*
- C. *Disbursement Made. For disbursements made using compliance funds, the campaign finance or disclosure report shall include:*
- (1) *The date the disbursement was made;*
- (2) *The method of the disbursement transaction, including any information on the transaction method required by the State Administrator;*
- (3) *The name and address of the payee and the ultimate recipient of the compliance account funds, if other than the payee;*
- (4) *The amount of the disbursement;*
- (5) *A description of the purpose of the disbursement; and*
- (6) *A comment on the campaign finance or disclosure report explaining that the disbursement was made from the compliance account and was used for a permissible compliance purpose.*
- D. *Outstanding Obligations. For outstanding obligations of the compliance account, the campaign finance or disclosure report shall include:*
- (1) *The name and address of the person to whom an outstanding obligation is owed;*
- (2) *The date the outstanding obligation was incurred;*
- (3) *The current balance of the outstanding obligation as of the end of the campaign finance reporting period;*
- (4) *For an outstanding obligation other than a loan, a brief description of the item relating to the outstanding obligation;*
- (5) *If the outstanding obligation is a loan, all the information required by Election Law Article, §13-230(c), Annotated Code of Maryland; and*
- (6) *A designation on the campaign finance or disclosure report that the outstanding obligation was for compliance purposes.*

.11 Permissible Uses.

- A. *Use of the Funds. Compliance funds shall be used exclusively for compliance and other non-campaign related activities in §B of this regulation.*
- B. *Permissible Activities. Compliance funds may be used only for the following activities:*
- (1) *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;*
- (2) *The costs associated with filing campaign finance or disclosure reports;*
- (3) *The costs of informing employees of their rights regarding participation or non-participation in a payroll deduction program;*
- (4) *The costs associated with records retention for the political action committee; and*
- (5) *The costs of legal services or other professional services in relation to the compliance of the political action committee with the requirements of Title 13 of Election, Annotated Code of Maryland.*

.12 Prohibition.

- A. *No Commingling of Funds. A political action committee may not commingle the funds of a campaign account and a compliance account.*
- B. *Prohibited Activities. The political action committee may not expend compliance funds:*
- (1) *On election-related or campaign-related activities or any activities not expressly permitted in Regulation .11B of this chapter; or*
- (2) *For the purpose of soliciting contributions for the political action committee.*

LINDA H. LAMONE
STATE ADMINISTRATOR