Reimbursements & In-Kind Contributions

State Board of Elections

Division of Audit Enforcement and

Division of Campaign & Candidacy Finance

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Welcome to today's training on "Reimbursements & In-Kind Contributions". This presentation will cover FAQ's and address common data entry errors encountered by committees related for reimbursements to Candidates, Treasurers, and other campaign workers. We will also cover what an in-kind contribution is and when it should be used.

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In today's presentation we will cover Reimbursements, In-Kind Contributions, Best Practices for Filing an Amendment, and provide additional resources.

The following presentation was created for committees to use as a reference when recording purchases made by the Candidate, officers, and/or other campaign workers. Please note that the list below does **not** include all scenarios. Instead, this resource is meant to cover the most common questions. Furthermore, this resource does not provide legal advice or absolve a committee from complying with State and/or local Election laws.

Additional resources and contact information is available at the end of the presentation.

Reimbursements

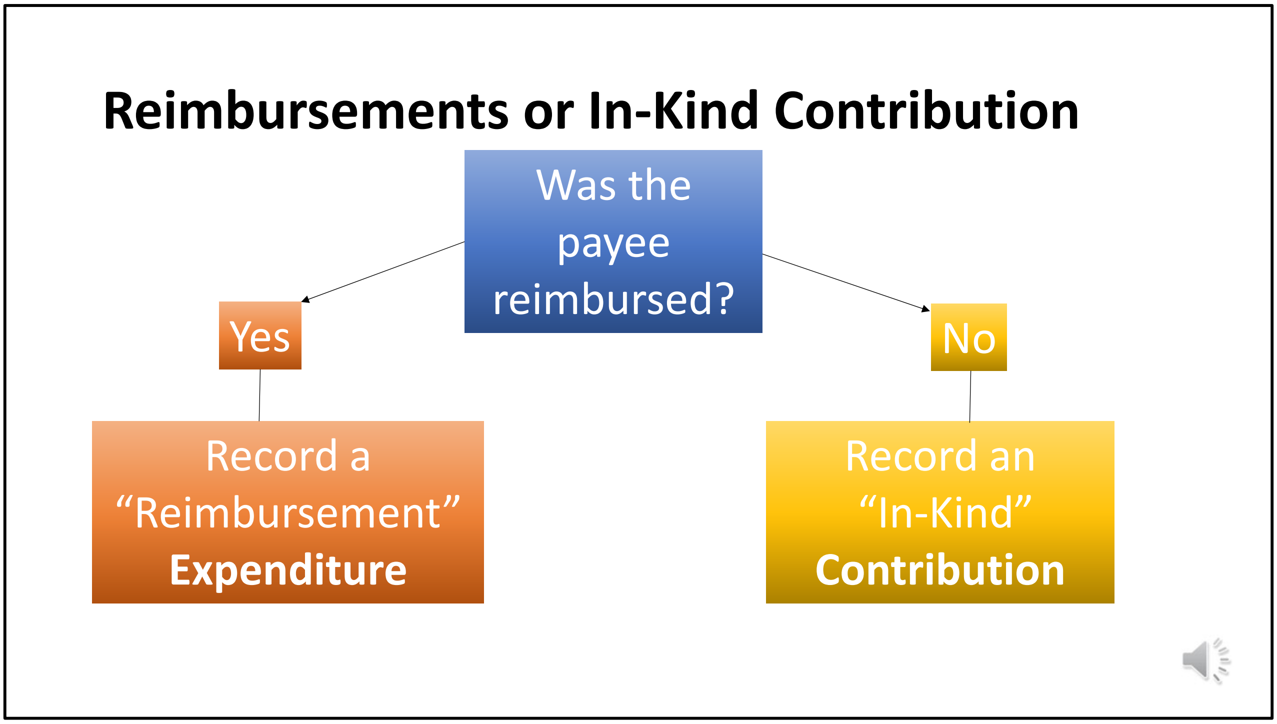
The candidate, treasurer, or an authorized campaign worker may pay an expense of the campaign from personal funds and seek a reimbursement, provided:

- The expense is supported by a receipt
- The treasurer reimburses the person from the campaign bank account
- The reimbursement is made within the same reporting period as the initial transaction
- The reimbursement is reported on the campaign finance

The candidate, treasurer, or an authorized campaign worker may pay an expense of the campaign from personal funds and seek a reimbursement, provided:

- The expense is supported by a receipt that is retained by the treasurer of the political committee;
- The treasurer reimburses the person who paid the expense from the campaign bank account;
- The reimbursement is made within the same reporting period as the initial transaction; and
- The reimbursement is reported on the campaign finance report as specified in Chapter 11 of this Summary Guide.

Important: Reimbursements cannot be used in lieu of loans. Accordingly, if a campaign does not have sufficient funds to make a reimbursement, the expenditure should not be made. Instead, the candidate, treasurer, or authorized campaign worker should make a loan to the campaign. This will allow the campaign to make the purchase directly, and the lender can be repaid as funds become available. Further, this approach will allow the campaign to accurately and timely disclose the transaction.



Before getting started, you need to ask yourself the following question:

Was the Candidate, Officer, or other authorized campaign worker reimbursed?

If the Candidate, Officer, or other authorized campaign worker was reimbursed, you will follow the steps to enter a reimbursement.

If the Candidate, Officer, or other authorized campaign worker will not be reimbursed, the campaign "expense" will NOT be recorded in MDCRIS as an expenditure. Instead, it will be recorded in MDCRIS as an in-kind contribution. Very often, a committee will enter an expense that was not paid for by campaign funds as an expenditure. Because campaign funds were not used, this will create a bank versus cash balance discrepancy and/or a negative cash balance for a committee. If the committee entered an in-kind contribution as an expenditure, the committee will need to amend the report to delete the expenditure and record the "expense" as an in-kind contribution.

It is also important to note that in-kind contributions are subject to contribution limits. Exceeding contribution limits (including in-kind contributions) is a violation of

MD Election Law and is subject to civil penalties and/or other enforcement action. See Chapter 8 of the Summary Guide for more details on contribution limits.

Knowing the difference between these two is extremely important. As outlined in MD Election Law, the Treasurer is responsible for accurately accounting for all transactions.

Method of Payment

Personal Funds

- Cash
- Check
- Money Order
- Credit Card
- Electronic Fund Transfer
- Wire

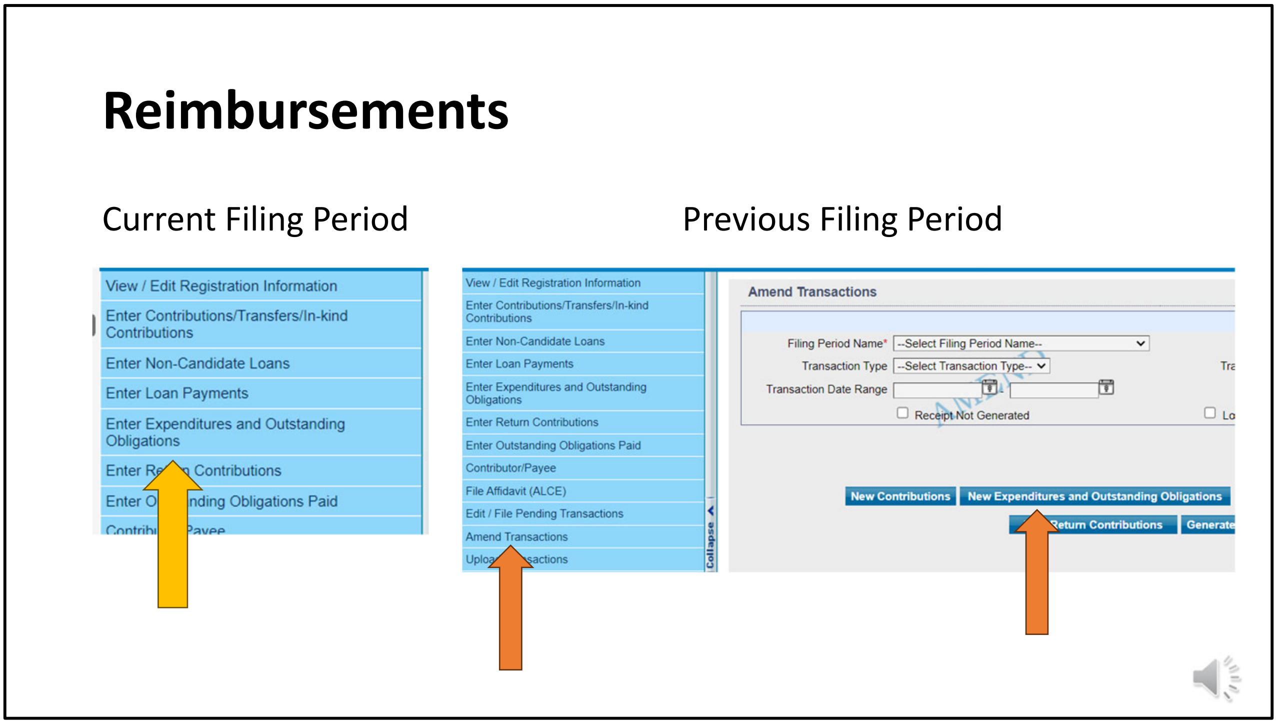
Campaign Funds

- ~~Cash~~
- Check
- ~~Money Order~~
- ~~Credit Card~~
- Electronic Fund Transfer
- Wire

Important: When entering the method of payment, you will select the method of payment the committee used to reimburse the payee. For example, if a candidate paid cash for a campaign expense and the committee reimbursed the candidate with a check, the method of payment recorded in MDCRIS needs to be “Check”.

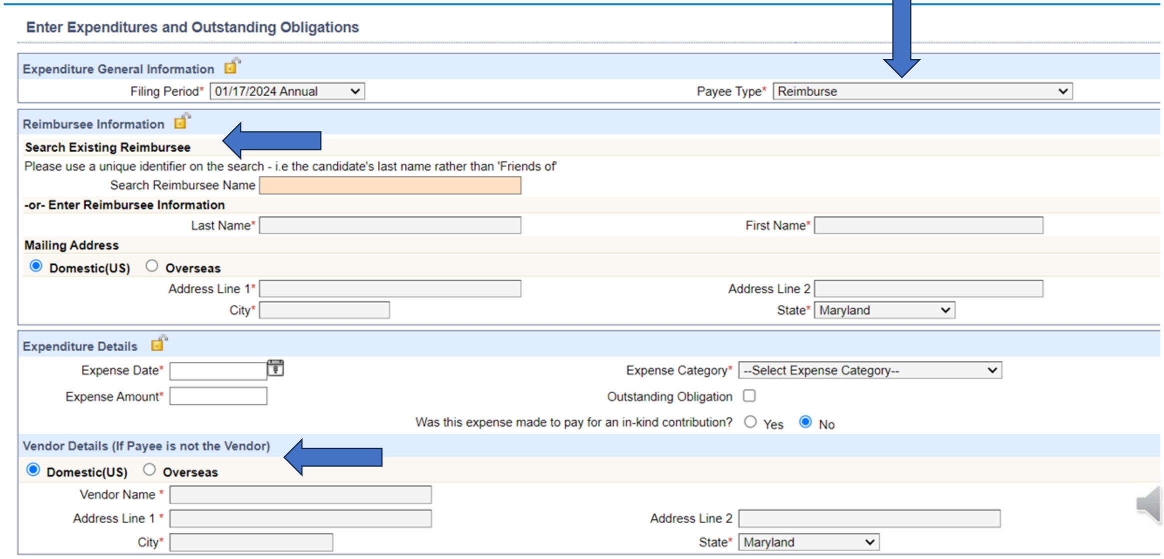
When processing a reimbursement, the Treasurer needs to make sure they are using a permissible method of payment to disburse campaign funds. Reimbursing a payee with cash, money order, and/or a credit card, can result in civil penalties as these methods of payment are not permissible under MD Election Law.

Payees who are seeking reimbursement can use any method of payment they would like cash, check, credit card, money order, etc., when paying for the original expenditure if it is with his/her personal funds. However, when the Treasurer enters the reimbursement expenditure and disburses campaign funds, only a permissible method of payment may be used. Failure to disburse campaign funds using a permissible method of payment correctly can result in civil penalties or other enforcement action.



When entering a reimbursement, you need to launch "Enter Expenditures & Outstanding Obligations" based on the filing period. If you are entering a reimbursement for the current filing period, simply expand the left side menu and select "Enter Expenditures and Outstanding Obligations." If you need to amend a previous report, expand the left side menu, select "Amend Transactions" then select "New Expenditures and Outstanding Obligations."

Reimbursements



When entering a reimbursement, the Treasurer needs to select the Payee Type "Reimburse". In the Reimbursee Information Section, record the name and address of the candidate or other authorized campaign worker who paid for the campaign expense. Next complete the expenditure details. Lastly, enter the vendor details. The vendor is the "ultimate recipient of campaign funds".

For example, if a candidate purchases pizza for his/her campaign workers, the reimbursee is the Candidate and the Vendor is the business the pizzas were purchased from.

As a best practice, use the comment section to place a note regarding the expenditure.

Reimbursements

If all information is recorded correctly, once the transcation is filed, the report will look like this:

SCHEDULE - 2

Expenditures
P - Field Expenses

(see schedules 1A and 1B for other types of Income)

Date	Payment Method	Name and Address of Payee (The payee is the person who is the ultimate recipient of campaign funds)	Reimburse or In-Kind contribution recipient of the expenditure made	Special Account	Amount
11/15/2022	Check	La Palapa Grill 8307 Main St, Ellicott City, Maryland 21043	[redacted], Ellicott City, Maryland 21042		$22.24
Expenditure Purpose:		Volunteer Meals			
	Remarks:				

If all information is recorded correctly, once the transaction is filed, the report will capture the reimbursement payee and the ultimate recipient of campaign funds.

In-Kind Contribution

- An in-kind contribution is a contribution given to a political committee in a form other than money.
- In-kind contributions include items, services, goods, and anything of value provided to the political committee. The amount of an in-kind contribution is the fair market value of the good or service provided (at the time of the contribution).

Example

- Sheets of Color, a commercial business, designs a logo for John D. Candidate, free of charge. Since Sheets of Color would normally charge $1,000 for designing logos, the business has made an in-kind contribution of $1,000 to John D. Candidate's committee. This $1,000 counts toward Sheets of Color's contribution limits discussed in Section 8.2 of this Summary Guide.

An in-kind contribution is a contribution given to a political committee in a form other than money.

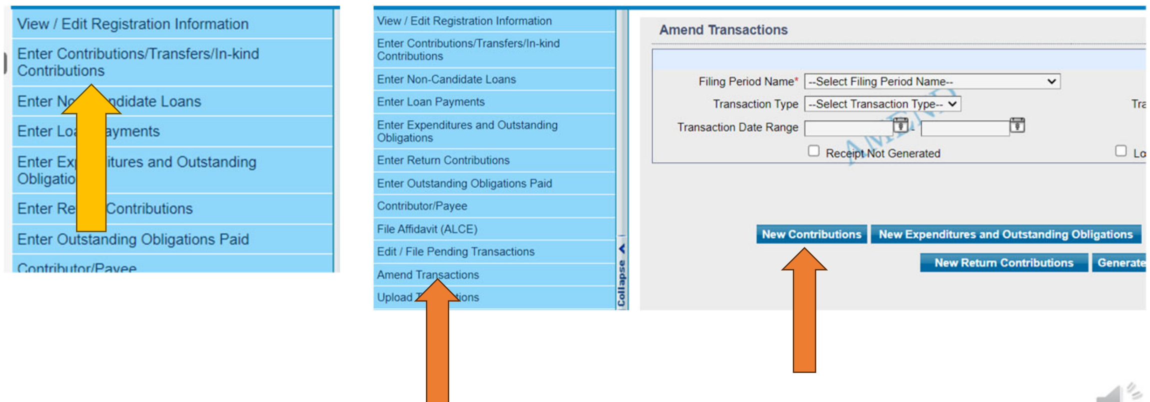
In-kind contributions include items, services, goods, and anything of value provided to the political committee. The amount of an in-kind contribution is the fair market value of the good or service provided (at the time of the contribution). Example: A person may contribute bumper stickers to a candidate's committee. The amount of the contribution equals the fair market value of the bumper stickers or, in this case, what the individual paid for the bumper stickers. It is important to remember that an in-kind contribution counts toward the donor's contribution limits.

In-kind contributions also includes all campaign expenses paid for by the candidate, treasurer, or other authorized campaign worker who did not seek reimbursement. For example, if a candidate purchases $100 of pizza for his campaign workers and pays for the purchase with his/her own funds without seeking reimbursement, this would be considered an in-kind contribution and needs to be recorded on the campaign finance report.

In-Kind Contribution

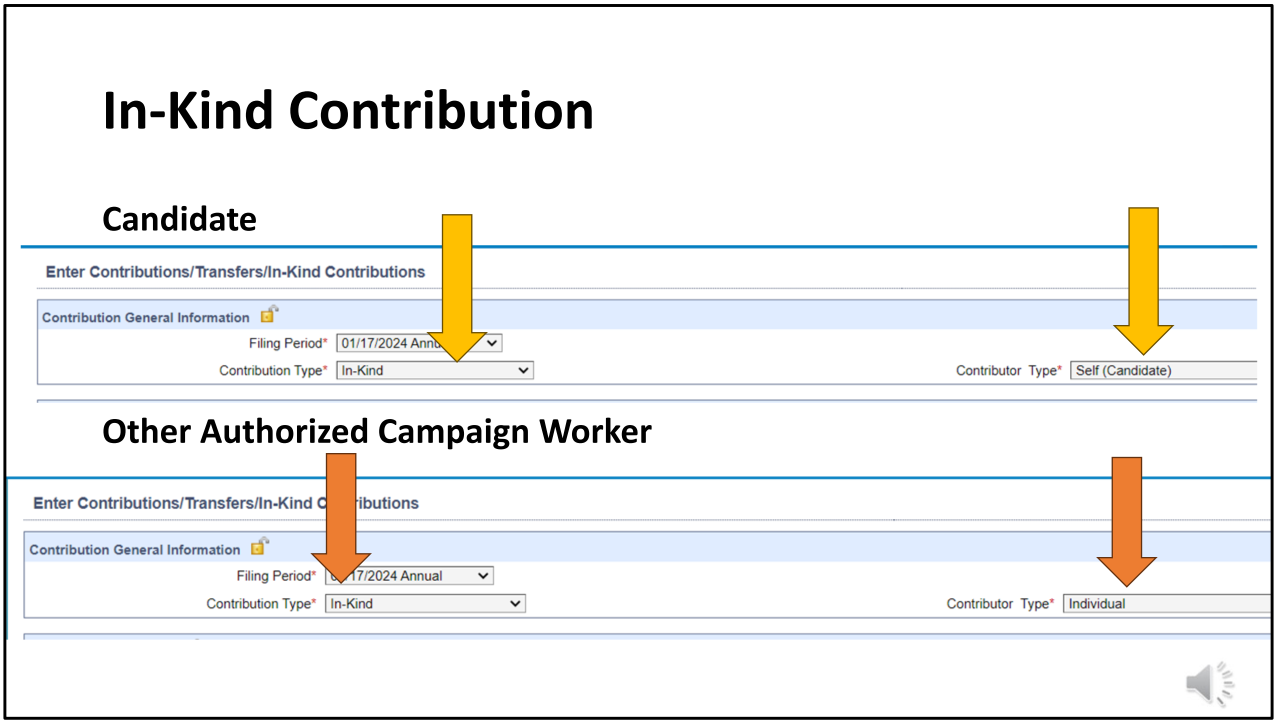
Current Filing Period

Previous Filing Period



When entering an in-kind contribution, you need to launch "Enter Contributions/Transfers/In-Kind Contributions" from the left side menu if entering for the current filing period.

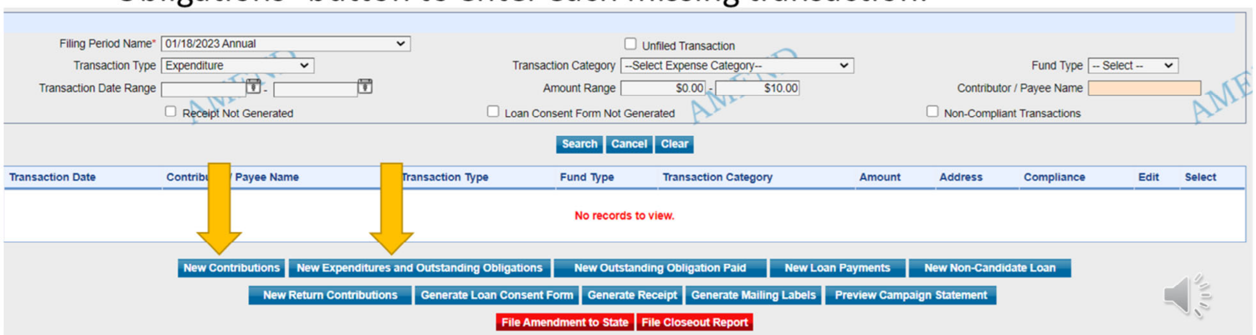
Or, if entering for a previous filing period, expand the left side menu, select "Amend Transactions" then select "New Contribution."



As discussed on a previous slide, when recording a campaign expenditure in which the candidate and/or other authorized campaign worker incurred but will not be reimbursed for, you will enter this as an in-kind contribution. To do so, select “In-Kind” for the “Contribution Type” and select the appropriate “Contributor Type”. There is an option “Self (Candidate)” which will pre-populate the candidate details. For all other authorized campaign workers, you will select individual.

Adding Contribution or Expenditure Records

- From the left side menu, select “Amend Transactions”
- Select the Filing Period then click “Search”
- Select “New Contribution” or “New Expenditure and Outstanding Obligations” button to enter each missing transaction.

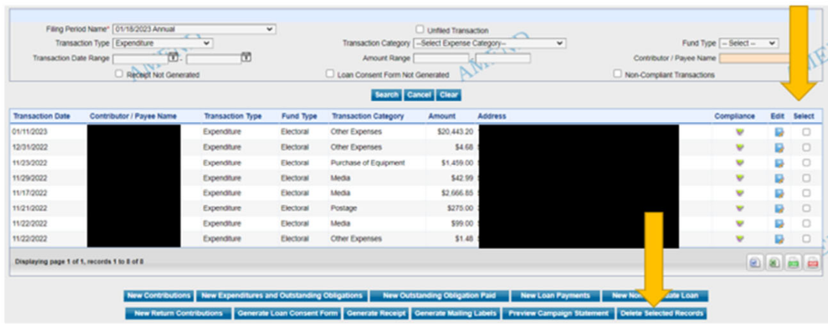


After watching this presentation, you realize you are missing transactions, you will add them in by selecting “Amend Transactions” from the left side menu. Select the filing period and select search to launch additional buttons. Select the appropriate buttons to add the missing transaction(s). If you have multiple transactions that are missing, repeat these steps until all missing transactions are accounted for.

Use the “Preview” Campaign Statement button to check your work.

Deleting Transactions

- From the left side menu, select "Amend Transactions"
- Select the Filing Period and "Search" for your transaction
- Check the box(s) to the far right under "Select" then click "Delete Selected Records"

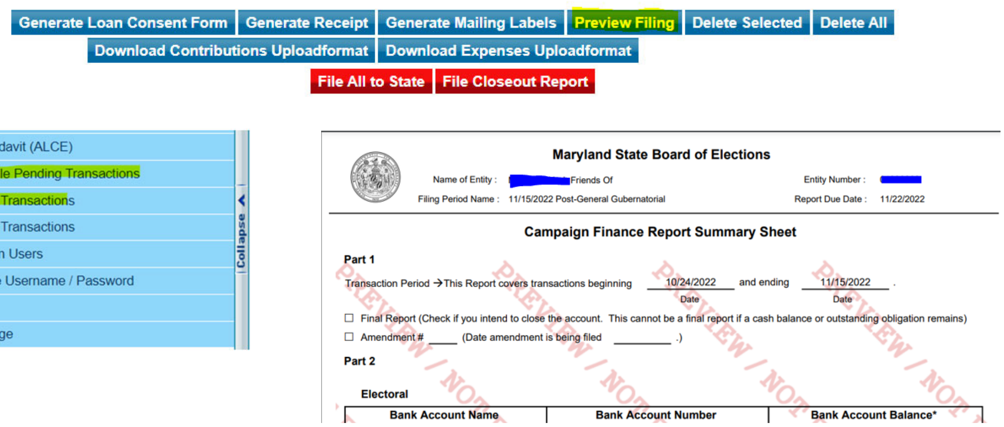


To delete a transaction, select either "Amend Transactions" (for prior period corrections) or "Edit/File Pending Transactions" (for current period corrections) from the left side menu. Search for the transaction by selecting the filing period. You can use the other fields to narrow your search including transaction type, transaction category, amount range, etc. Once the transaction is located, select the check box to the far right of the screen for each transaction. Once each transaction is selected, click on the "Delete Selected Records" button at the bottom of the screen.

Use the "Preview" Campaign Statement button to check your work.

Preview Campaign Finance Report

Committees are encouraged to use the “Preview Filing” button prior to submitting their campaign finance reports



As a best practice, committees are encouraged to preview their campaign finance reports prior to filing their final closure request by selecting “Preview File”. To access file preview, expand the left side menu and select either “View/Edit Pending Transactions” module for new reports, or select “Amend Transactions” for previously filed reports. This will allow the committee to “check their work” before filing to catch any remaining errors. Please note that preview campaign statement is optional. If everything is in balance/accurate, the committee will still need to select “File Amendment to State” button for the changes to go through.

Resources & Contacts

Resources:
- SBE Campaign & Candidacy Finance Summary Guide
- MDCRIS Overview Video
- Audit Deficiency Video
- Campaign Closure Checklist

Audit & Enforcement
- 410-269-2873, 410-269-2904, or 410-269-2877 or audit.sbe@maryland.gov

Candidacy & Campaign Finance
- 410-269-2840 or ccf.sbe@maryland.gov

For questions or additional information, please contact the Audit & Enforcement Unit or Division of Candidacy & Campaign Finance.