

14- Campaign Management

14.1 Account Books

1. Generally

The treasurer must keep detailed and accurate records of all contributions received (including ticket sales and in-kind contributions), transfers in, any other income (for example, interest earned), disbursements made, and outstanding debts incurred. These records are used in the preparation of campaign finance reports.

All records and account books must be retained for either 10 years after the record was created or 2 years after the political committee files its final campaign finance report and receives State Board approval for its closure. The committee's books and records may be audited by State Board upon request.

- § 13-221 of the Election Law Article

2. Contents

- Each asset received, expenditure made, and obligation incurred must be included in the account book along with the following information regardless of the amount of the contribution or expenditure:
 - The amount or value of the receipt or expenditure;
 - The date of the receipt or expenditure;
 - The name and address of the person from whom the asset was received or to whom the expenditure was made; and
 - A description of the asset received or the purpose for which the expenditure was made.
- The account books and records must contain the date, name and address of all persons making any in-kind contributions, a description of the in-kind contribution, and the fair market value of the in-kind contribution.
- Receipts are required for every disbursement and maintained as part of the books and records of the treasurer.
- Bank records are not account books but one of the records within the account books.

As a result of the information required to be recorded in the account books and records, it is recommended that when selling tickets or other small items that you use a book of tickets that has a stub for recording the name and address of each ticket purchaser. The stub, with the name and address, can then serve as part of the books and records of the treasurer.

3. Lump Sum Entry v. Account Books

Under certain circumstances, lump sum entry may be used as a contribution entry on the campaign finance reports. However, the committee is not relieved of its duty to keep detailed and accurate records of all the contributions making up the lump sum entry in the account book. If the account book does not have the names and address of each contribution made, any entries lacking this information will be deemed anonymous contributions and the committee may be subject to penalties for violating Election Law Article § 13-239.

For spins, chances on a paddle wheel or wheels of fortune, the account book must include the net amount received by the committee and a list of the name and address of each individual who attended the event rather than the individual amount contributed by each person. Net income from such an activity cannot exceed \$1500 in a 24-hour period and \$2500 in total for an election.

-§ 13-240 of the Election Law Article

14.2 Campaign Bank Accounts

1. Generally

A political committee must establish a checking account exclusively for campaign use. The checking account must be established at a financial institution that is located or operates branches in Maryland. The name of the political committee must be on the account. All income (including loans) must be deposited in the campaign bank account. *Personal bank accounts of the responsible officer or the candidate may not be used.*

Besides the required checking account, a political committee may temporarily invest campaign funds in the following:

- Savings Account
- CDs with a term of less than 3 years
- T bills or other US bonds with maturities of less than 3 years; and
- Cash management, money market accounts or money market mutual funds offered to the general public.

A political committee may not invest campaign funds unless authorized by regulations. Investment in stocks is strictly prohibited.

Interest earned must be recorded as income on the campaign finance report.

All campaign bank accounts and investments must be disclosed on the registration page and campaign finance reports.

2. Opening a Campaign Bank Account

Most banks will require the following three items before allowing you to open a campaign bank account:

- Employer Identification Number. The form can be obtained by calling 800-829-1040 or at www.irs.gov. You need to file a Form SS-4 with the IRS to receive an EIN;
Note: It is not required that you be an employer to receive an EIN.
- Personal identification of the person opening the account; and
- A Resolution of Authority forms (required to be signed by the treasurer and chairman). The Statement of Organization usually satisfies this requirement by the bank.

3. Third Party Payment Processors

A third-party payment processor is an online service in which payments to a political committee are made to the processor's merchant account on behalf of the political committee rather than directly with the committee's bank account. For example, PayPal.

A political committee may establish a contractual relationship with a payment processor. If a contribution or receipt received is made through a third-party processor, the campaign finance must initiate the transfer of those funds into authorized campaign bank account of the political committee. The transfer must occur prior to the next campaign finance report. If any funds remain in the payment processor's account, that account must be disclosed on the registration page of the committee.

14.3 Tax-Related Questions

Please contact the Internal Revenue Service or the Comptroller's office for any questions regarding taxes for a political committee.