

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 610

(Delegates Miller and Cluster)

Environmental Matters

Education, Health, and Environmental
Affairs

Ethics - Financial Disclosure Statements - Encumbrances on Real Property

This bill requires an individual to include any debt owed as a result of an encumbrance on real property on the annual financial disclosure statement required under the Public Ethics Law, regardless of whether the entity to which the debt was owed is an entity doing business with State. It repeals the requirement that an individual list the following details regarding any debt owed as a result of an encumbrance on real property to an entity doing business with the State: (1) the date the debt was incurred; (2) the amount owed; (3) the terms of payment; (4) the extent to which the principal was increased or decreased during the applicable period; and (5) any security given. All disclosures of debt owed as a result of an encumbrance on real property would include only the name of the entity to which the debt was owed.

Fiscal Summary

State Effect: None. The bill is procedural in nature and would not directly affect governmental operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The State Public Ethics Law requires an official and a candidate for office as a State official to file an annual financial disclosure statement which must include the following schedules:

- Interests in Real Property;
- Interests in Corporations and Partnerships;
- Interests in Business Entities Doing Business with the State;
- Gifts;
- Employment or Interest in Business Entities Doing Business with the State;
- Indebtedness to an Entity Doing Business with the State;
- Family Members Employed by the State;
- Additional Information; and
- Sources of Earned Income.

The schedule for disclosure of indebtedness to an entity doing business with the State requires the individual to disclose each debt, excluding retail credit accounts, owed at any time during the applicable period to entities doing business with the State. Debts owed by an individual's immediate family member must also be reported if the individual was involved in the transaction giving rise to the debt. For each such debt, the individual must disclose: (1) the identity of the entity to which the debt is owed; (2) the date on which it was incurred; the amount owed at the end of the reporting period; (3) the terms of the payment; (4) the increase or decrease in the principal during the reportable period; and (5) the security given.

An "entity doing business with the State" is defined under the Public Ethics Law as: (1) a regulated lobbyist; (2) an entity regulated by the executive unit of the applicable official or employee; or (3) an entity that is a party to one or a combination of sales, purchases, leases, or contracts to, from, or with the State, or any unit of the State, involving consideration of: (a) at least \$5,000 on a cumulative basis during the calendar year for which a statement required by the Public Ethics Law is required, regardless of when the consideration is to be paid; and (b) which shall include, as of the award or execution of a contract or lease, the total consideration committed to be paid under the contract or lease, to the extent ascertainable when rewarded or executed, regardless of the period over which payments are to be made.

Background: The State Ethics Commission has identified several categories of information required on the annual financial disclosure statement that it believes have become too onerous and provide the commission and the public with little insight into possible conflicts. The bill reflects the commission's recommendations in this regard.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Ethics Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2004
n/mdr

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