

SENATE BILL 146

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2lr0003

By: **Chair, Education, Health, and Environmental Affairs Committee (By Request – Departmental – Ethics Commission, State)**

Introduced and read first time: January 18, 2012

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 15, 2012

CHAPTER _____

1 AN ACT concerning

2 **Public Ethics – Financial Disclosure Statements – Mutual Funds**

3 FOR the purpose of excluding certain interests in certain mutual funds from the
4 interests in corporations, partnerships, and limited liability partnerships and
5 companies that must be disclosed on an annual financial disclosure statement
6 under the Maryland Public Ethics Law; and generally relating to disclosure
7 requirements under the public ethics law.

8 BY repealing and reenacting, without amendments,
9 Article – State Government
10 Section 15–607(a)
11 Annotated Code of Maryland
12 (2009 Replacement Volume and 2011 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – State Government
15 Section 15–607(c)
16 Annotated Code of Maryland
17 (2009 Replacement Volume and 2011 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – State Government**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 15-607.

2 (a) A statement that is required by § 15-601(a) of this subtitle shall contain
3 schedules disclosing the information and interests specified in this section, if known,
4 for the individual making the statement for the applicable period under this subtitle.

5 (c) (1) (I) [The] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
6 **THIS PARAGRAPH, THE** statement shall include a schedule of each interest held by
7 the individual in a corporation, partnership, limited liability partnership, or limited
8 liability company, whether or not the corporation, partnership, limited liability
9 partnership, or limited liability company does business with the State.

10 (II) **THE STATEMENT NEED NOT INCLUDE A SCHEDULE OF**
11 **EACH INTEREST HELD BY THE INDIVIDUAL IN A MUTUAL FUND THAT IS**
12 **PUBLICLY TRADED ON A NATIONAL SCALE UNLESS THE MUTUAL FUND IS**
13 **COMPOSED ~~SOLELY~~ PRIMARILY OF HOLDINGS OF STOCKS AND INTERESTS IN A**
14 **SPECIFIC SECTOR OR AREA THAT IS REGULATED BY THE INDIVIDUAL'S**
15 **GOVERNMENTAL UNIT.**

16 (2) For each interest reported, the schedule shall include:

17 (i) the name and address of the principal office of the
18 corporation, partnership, limited liability partnership, or limited liability company;

19 (ii) subject to paragraph (3) of this subsection, the nature and
20 amount of the interest held, including any conditions to and encumbrances on the
21 interest;

22 (iii) except as provided in paragraph (4) of this subsection, if any
23 interest was acquired during the applicable period:

24 1. the date and manner in which the interest was
25 acquired;

26 2. the identity of the entity from which the interest was
27 acquired;

28 3. if the interest was acquired by purchase, the nature
29 and amount of the consideration given for the interest; and

30 4. if the interest was acquired in any other manner, the
31 fair market value of the interest when it was acquired; and

32 (iv) if any interest was transferred, in whole or in part, during
33 the applicable period:

- 1 1. a description of the interest transferred;
- 2 2. the nature and amount of the consideration received
- 3 for the interest; and
- 4 3. if known, the identity of the entity to which the
- 5 interest was transferred.

6 (3) (i) As to an equity interest in a corporation, the individual may

7 satisfy paragraph (2)(ii) of this subsection by reporting, instead of a dollar amount:

- 8 1. the number of shares held; and
- 9 2. unless the corporation’s stock is publicly traded, the
- 10 percentage of equity interest held.

11 (ii) As to an equity interest in a partnership, limited liability

12 partnership, or limited liability company, the individual may satisfy paragraph (2)(ii)

13 of this subsection by reporting, instead of a dollar amount, the percentage of equity

14 interest held.

15 (4) If an interest acquired during the applicable reporting period

16 consists of additions to existing publicly traded corporate interests acquired by

17 dividend or dividend reinvestment, and the total value of the acquisition is less than

18 \$500, only the manner of acquisition is required to be disclosed under paragraph

19 (2)(iii) of this subsection.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect

21 October 1, 2012.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.