

# SENATE BILL 447

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By: **Senator Conway**

Introduced and read first time: January 24, 2014

Assigned to: Education, Health, and Environmental Affairs

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## A BILL ENTITLED

1 AN ACT concerning

2 **Public Ethics – Members of the General Assembly – Presumption of a Conflict**  
3 **– Clients**

4 FOR the purpose of altering the definition of “close economic association” in the Public  
5 Ethics Law to include the client of a legislator or a client of a partnership,  
6 limited liability partnership, or limited liability corporation in which the  
7 legislator has invested capital or owns an interest; and generally relating to  
8 public ethics, members of the General Assembly, and presumptions of conflicts.

9 BY repealing and reenacting, with amendments,  
10 Article – General Provisions  
11 Section 5–512  
12 Annotated Code of Maryland  
13 (As enacted by Chapter \_\_\_\_ (H.B. 270) of the Acts of the General Assembly of  
14 2014)

15 BY repealing and reenacting, without amendments,  
16 Article – General Provisions  
17 Section 5–513(a)  
18 Annotated Code of Maryland  
19 (As enacted by Chapter \_\_\_\_ (H.B. 270) of the Acts of the General Assembly of  
20 2014)

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

23 **Article – General Provisions**

24 5–512.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) (1) In this section, “close economic association” means the association  
2 between a legislator and:

3 (i) the legislator’s:

4 1. employer;

5 2. employee; [or]

6 3. partner in a business or professional enterprise; **OR**

7 4. **CLIENT, INCLUDING A CLIENT OF A PARTNERSHIP,**  
8 **LIMITED LIABILITY PARTNERSHIP, OR LIMITED LIABILITY CORPORATION IN**  
9 **WHICH THE LEGISLATOR HAS INVESTED CAPITAL OR OWNS AN INTEREST;**

10 (ii) a partnership, limited liability partnership, or limited  
11 liability company in which the legislator has invested capital or owns an interest;

12 (iii) a corporation in which the legislator owns the lesser of:

13 1. 10% or more of the outstanding capital stock; or

14 2. capital stock with a cumulative value of \$25,000 or  
15 more; and

16 (iv) a corporation in which the legislator is an officer, a director,  
17 or an agent.

18 (2) “Close economic association” does not include a legislator’s  
19 ownership of stock directly through a mutual fund, a retirement plan, or any other  
20 similar commingled investment vehicle the individual investments of which the  
21 legislator does not control or manage.

22 (b) (1) An interest of a member of the General Assembly conflicts with the  
23 public interest if the legislator’s interest tends to impair the legislator’s independence  
24 of judgment.

25 (2) The conflict disqualifies the legislator from participating in any  
26 legislative action, or otherwise attempting to influence any legislation, to which the  
27 conflict relates.

28 (c) It is presumed that an interest disqualifies a legislator from participating  
29 in legislative action whenever the legislator:

1           (1) has or acquires a direct interest in an enterprise that would be  
2 affected by the legislator's vote on proposed legislation, unless the interest is common  
3 to all members of:

4           (i) a profession or occupation of which the legislator is a  
5 member; or

6           (ii) the general public or a large class of the general public;

7           (2) benefits financially from a close economic association with a person  
8 whom the legislator knows has a direct interest in an enterprise or interest that would  
9 be affected by the legislator's participation in legislative action, differently from other  
10 like enterprises or interests;

11           (3) benefits financially from a close economic association with a person  
12 who is lobbying for the purpose of influencing legislative action; or

13           (4) solicits, accepts, or agrees to accept a loan, other than a loan from a  
14 commercial lender in the normal course of business, from a person who would be  
15 affected by or has an interest in an enterprise that would be affected by the legislator's  
16 participation in legislative action.

17 5-513.

18           (a) (1) Except as provided in paragraph (2) of this subsection, the  
19 disqualification arising under § 5-512 of this subtitle is suspended if a legislator with  
20 an apparent or presumed conflict files with the Joint Ethics Committee a sworn  
21 statement that:

22           (i) describes the circumstances of the apparent or presumed  
23 conflict and the legislation or class of legislation to which it relates; and

24           (ii) asserts that the legislator is able to participate in legislative  
25 action relating to the legislation fairly, objectively, and in the public interest.

26           (2) (i) Except as provided in subparagraph (ii) of this paragraph,  
27 the disqualification arising under § 5-512 of this subtitle may not be suspended if the  
28 conflict is direct and personal to:

29                   1. the legislator;

30                   2. a member of the legislator's immediate family; or

31                   3. the legislator's employer.

32           (ii) This paragraph does not apply to a vote on:

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- 1                   1.     the annual operating budget bill, in its entirety; or
- 2                   2.     the annual capital budget bill, in its entirety.

3                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4     October 1, 2014.