

Department of Legislative Services  
Maryland General Assembly  
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 129

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

Education, Health, and Environmental Affairs

Environmental Matters

---

**Public Ethics - Officials and Regulated Lobbyists - Late-Filing Penalties**

---

This departmental bill increases the late fee penalties imposed by the State Ethics Commission when a public official files a financial disclosure statement late or a lobbyist files a required report late. If the filer is an official filing a financial disclosure statement, the late fee increases from \$2 to \$5 per day and the maximum late fee increases from \$250 to \$500. If the filer is a lobbyist filing a required report, the maximum fee per late report increases from \$250 to \$1,000.

---

**Fiscal Summary**

**State Effect:** Potential minimal increase in general fund revenues due to increased daily fees and fee limits for late filings with the State Ethics Commission.

**Local Effect:** None.

**Small Business Effect:** The State Ethics Commission has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

---

**Analysis**

**Current Law:** Most State officials and candidates for State office are required to file financial disclosure statements on an annual basis. This statement must be filed under oath with the State Ethics Commission before April 30 of each year, and it covers the calendar year that precedes the filing. The statement must include specified information

regarding all offices, directorships, and salaried employment, or any similar interest not otherwise disclosed, in business entities doing business with the State (held either by the individual or any member of the individual's immediate family).

A "regulated lobbyist" is a person or entity required under the Maryland Public Ethics Law to register with the State Ethics Commission because the person or entity generally has made certain expenditures and/or received certain compensation to influence legislative or executive action. Regulated lobbyists must file regular reports with the State Ethics Commission related to registration, ethics training, and lobbying activities.

If a public official files a late financial disclosure statement or a lobbyist files a late required report with the State Ethics Commission, a fee is imposed on the filer. If the filer is a regulated lobbyist, the lobbyist must pay \$10 per report for each late day, not to exceed \$250 per report. If the filer is an official filing a financial disclosure statement, the official must pay \$2 for each late day, not to exceed \$250.

**Background:** The late fee for lobbyist reports was established in 1987, and the late fee for financial disclosure statements was established in 1990. Neither penalty has been increased since it was established. The commission reports that while a large percentage of financial disclosure statements and lobbyist reports are filed on time, there are still many delinquent filers. The number of violators and amount of late fees varies from year to year. For example, in 2012, 34 lobbyists were fined a total of \$5,120, and in 2013, 12 lobbyists were fined a total of \$1,990. The commission advises that the purpose of the bill is to incentivize filers to turn in required reports in a timely fashion; increasing the late fees provides more financial incentive for filers to fulfill their obligations and turn in the required disclosure statements and reports on time.

The State Ethics Commission advises that other states have more stringent penalties for ethics law violations. A few states classify the failure to timely file as a misdemeanor. Other states impose a fee of \$10 per day for late required reports or have a graduated penalty that increases depending on the lateness of a report. For example, in Georgia, the penalty is \$125 if the report is 6 to 14 days late, \$250 if it is 15 to 44 days late, and \$1,000 if it is 45 or more days late.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - January 21, 2014  
ncs/kdm

---

Analysis by: Richard L. Duncan

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510



## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Public Ethics- Officials and Regulated Lobbyists - Late-Filing Penalties

BILL NUMBER: SB 129

PREPARED BY: State Ethics Commission

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have minimal economic impact on small businesses.