SENATE BILL 399

By: The President (By Request – Administration) and Senators Bailey, Carozza, Cassilly, Corderman, Eckardt, Edwards, Elfreth, Gallion, Hershey, Hough, Jennings, Ready, Salling, Simonaire, and West

Introduced and read first time: January 24, 2022
Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

AN ACT concerning

State Government – Quasi–Governmental Units – Oversight and Governance

FOR the purpose of establishing certain entities as “quasi–governmental units”; establishing the intent of the General Assembly to weigh certain factors when considering the creation of a new quasi–governmental unit; requiring a board of directors of a quasi–governmental unit to conduct a certain annual performance appraisal of the head of the quasi–governmental unit; requiring a quasi–governmental unit to submit annually a certain budget to the Department of Budget and Management in a certain manner; requiring the Department of Budget and Management to include the budget of a quasi–governmental unit in the State annual budget book for informational purposes; requiring the budget committees of the General Assembly to hold hearings on the budgets of quasi–governmental units at certain intervals; requiring the board of directors of a quasi–governmental unit to obtain a certain independent assessment at certain intervals; requiring the assessment to include evaluations of certain items; requiring the board of directors of a quasi–governmental unit to take certain actions relating to the independent assessment under certain circumstances, submit the assessment to the Governor and the General Assembly, and post a copy of the assessment to the website of the quasi–governmental unit in a certain manner; requiring the Department of Legislative Services to conduct certain reviews and prepare certain reports regarding quasi–governmental units at certain intervals; requiring the Department of Legislative Services to submit an evaluation report to certain committees of the General Assembly; requiring an evaluation report to address certain items; requiring a quasi–governmental unit to respond to and cooperate with the Department of Legislative Services during an evaluation; authorizing certain information to be provided in a certain manner; requiring the Department of Legislative Services to follow certain procedures under certain circumstances; establishing the initial schedule of certain evaluations of quasi–governmental units; and generally relating to regulation of quasi–governmental units.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
BY adding to

Article – State Government

Section 9.6–101 through 9.6–303 to be under the new title “Title 9.6. Quasi–Governmental Units – Oversight and Governance”

Annotated Code of Maryland

(2021 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

That the Laws of Maryland read as follows:

Article – State Government

TITLE 9.6. QUASI–GOVERNMENTAL UNITS – OVERSIGHT AND GOVERNANCE.

SUBTITLE 1. DEFINITION; INTENT.

9.6–101.

IN THIS TITLE, “QUASI–GOVERNMENTAL UNIT” MEANS:

(1) BAINBRIDGE DEVELOPMENT CORPORATION (TITLE 11, SUBTITLE 4 OF THE ECONOMIC DEVELOPMENT ARTICLE);

(2) CANAL PLACE PRESERVATION AND DEVELOPMENT AUTHORITY (TITLE 13, SUBTITLE 10, PART II OF THE FINANCIAL INSTITUTIONS ARTICLE);

(3) MARYLAND AGRICULTURAL AND RESOURCE–BASED INDUSTRY DEVELOPMENT CORPORATION (TITLE 10, SUBTITLE 5 OF THE ECONOMIC DEVELOPMENT ARTICLE);

(4) MARYLAND AUTOMOBILE INSURANCE FUND (TITLE 20 OF THE INSURANCE ARTICLE);

(5) MARYLAND CLEAN ENERGY CENTER (TITLE 10, SUBTITLE 8 OF THE ECONOMIC DEVELOPMENT ARTICLE);

(6) MARYLAND ECONOMIC DEVELOPMENT CORPORATION (TITLE 10, SUBTITLE 1 OF THE ECONOMIC DEVELOPMENT ARTICLE);

(7) MARYLAND ENVIRONMENTAL SERVICE (TITLE 3, SUBTITLE 1 OF THE NATURAL RESOURCES ARTICLE);
(8) MARYLAND FOOD CENTER AUTHORITY (TITLE 10, SUBTITLE 2
OF THE ECONOMIC DEVELOPMENT ARTICLE);

(9) MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES
AUTHORITY (TITLE 10, SUBTITLE 3 OF THE ECONOMIC DEVELOPMENT ARTICLE);

(10) MARYLAND INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY
(TITLE 5, SUBTITLE 4 OF THE ECONOMIC DEVELOPMENT ARTICLE);

(11) MARYLAND STADIUM AUTHORITY (TITLE 10, SUBTITLE 6 OF THE
ECONOMIC DEVELOPMENT ARTICLE);

(12) MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION (TITLE
10, SUBTITLE 4 OF THE ECONOMIC DEVELOPMENT ARTICLE); AND

(13) NORTHEAST MARYLAND WASTE DISPOSAL AUTHORITY (TITLE 3,
SUBTITLE 9 OF THE NATURAL RESOURCES ARTICLE).

9.6–102.

It is the intent of the General Assembly that when considering the
creation of a new quasi–governmental unit the following factors will
be weighed:

(1) The ability of a current governmental unit or private
business to perform the functions of the proposed new
quasi–governmental unit; and

(2) The proposed role of the new quasi–governmental unit
in relation to existing units of government and businesses, including
whether the new quasi–governmental unit will in any way conflict with
or enhance the operations of a current unit of government or business.

9.6–103.

The provisions of this title are in addition to any other
requirements of law relating to a quasi–governmental unit.

Subtitle 2. General Provisions.

9.6–201.

9.6–202.

(A) (1) Subject to subsection (B) of this section, a quasi–governmental unit shall submit annually a full and detailed budget reflecting the operating and capital program of the quasi–governmental unit to the Department of Budget and Management.

(2) The Department of Budget and Management shall include each budget received under paragraph (1) of this subsection in the State annual budget book for informational purposes.

(B) A budget submitted under subsection (A) of this section shall:

(1) be submitted in the manner required by the Department of Budget and Management; and

(2) specify the source of the quasi–governmental unit's revenues in the manner required by the Department of Budget and Management.

(C) (1) Except as provided in paragraphs (2) and (3) of this subsection, the budget committees of the General Assembly shall each hold a hearing on the budget of each quasi–governmental unit at least once every 2 years.

(2) The budget committees may hold a hearing on the budget of a quasi–governmental unit every year.

(3) (I) A budget committee may vote not to hold a hearing on the budget of a specific quasi–governmental unit in a required year.

(II) If a budget committee votes not to hold a hearing on the budget of a specific quasi–governmental unit in a required year under subparagraph (I) of this paragraph, the committee shall hold the hearing the immediately following year.
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(A) ON OR BEFORE DECEMBER 31, 2023, AND EVERY 5 YEARS THEREAFTER, THE BOARD OF DIRECTORS OF A QUASI–GOVERNMENTAL UNIT SHALL OBTAIN AN ASSESSMENT OF THE BOARD’S OPERATIONS BY AN INDEPENDENT CONSULTANT OR ACCOUNTANT.

(B) THE ASSESSMENT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL INCLUDE AN EVALUATION OF:

(1) THE STRUCTURE OF THE BOARD, INCLUDING THE BOARD’S:

   (I) COMPOSITION;

   (II) CHARTER, BYLAWS, AND OTHER GOVERNING DOCUMENTS AND PROCEDURES;

   (III) DIVERSITY;

   (IV) SUBCOMMITTEES OR WORKGROUPS; AND

   (V) FREQUENCY OF MEETINGS;

(2) THE DYNAMICS AND FUNCTIONING OF THE BOARD, INCLUDING:

   (I) THE BOARD’S ANNUAL CALENDAR;

   (II) ACCESS TO INFORMATION;

   (III) COMMUNICATION WITH THE PERSONNEL OF THE QUASI–GOVERNMENTAL UNIT;

   (IV) PLANNING; AND

   (V) COHESIVENESS AND CONDUCT OF BOARD MEETINGS;

(3) THE BOARD’S ROLE IN THE SHORT–TERM AND LONG–TERM STRATEGY OF THE QUASI–GOVERNMENTAL UNIT;

(4) THE FINANCIAL REPORTING PROCESS, INTERNAL AUDITS, AND INTERNAL CONTROLS OF THE QUASI–GOVERNMENTAL UNIT;

(5) THE BOARD’S ROLE IN MONITORING THE POLICIES, STRATEGIES, AND SYSTEMS OF THE QUASI–GOVERNMENTAL UNIT;
(6) The board’s role in supporting and advising the quasi-governmental unit;

(7) the role of the chair of the board; and

(8) any other issue relevant to the board’s operations.

(c) The board shall:

(1) review each assessment required under this section at a meeting of the board; and

(2) make any changes or recommendations that the board considers appropriate based on the assessment.

(D) (1) The board shall submit each assessment required under this section to the governor and, in accordance with § 2–1257 of this article, the general assembly.

(2) a quasi-governmental unit shall post a copy of each assessment on the website of the quasi-governmental unit, including a link to a copy of the most recent assessment on the homepage of the website.

Subtitle 3. Evaluation of Quasi-Governmental Units.

9.6–301.

(A) In this subtitle the following words have the meanings indicated.

(B) “Department” means the Department of Legislative Services.

(C) “Evaluation” means the process of legislative review of a governmental activity or quasi-governmental unit used to determine:

(1) whether the quasi-governmental unit is fulfilling the purpose as provided in its implementing legislation, including whether its duties or functions differ from this legislation;
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1  (2) WHETHER ANOTHER GOVERNMENTAL UNIT OR PRIVATE
2  BUSINESS IS BETTER ABLE TO PERFORM THE FUNCTIONS OF THE
3  QUASI–GOVERNMENTAL UNIT; AND

4  (3) WHAT, IF ANY, LEGISLATIVE OR NONLEGISLATIVE CHANGES
5  SHOULD BE RECOMMENDED TO THE GENERAL ASSEMBLY TO IMPROVE THE
6  OPERATIONS OF THE QUASI–GOVERNMENTAL UNIT.

7  9.6–302.

8  (A) (1) AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
9  ACCORDING TO THE SCHEDULE DETERMINED BY THE EXECUTIVE DIRECTOR OF THE
10  DEPARTMENT, THE DEPARTMENT SHALL CONDUCT AN EVALUATION OF THE
11  QUASI–GOVERNMENTAL UNIT AND THE STATUTES RELATED TO THE
12  QUASI–GOVERNMENTAL UNIT.

13  (2) THE DEPARTMENT SHALL EVALUATE EACH
14  QUASI–GOVERNMENTAL UNIT AT LEAST ONCE EVERY 8 YEARS.

15  (B) ON COMPLETION OF AN EVALUATION OF A QUASI–GOVERNMENTAL
16  UNIT, THE DEPARTMENT SHALL SUBMIT AN EVALUATION REPORT, INCLUDING
17  DRAFT LEGISLATION TO IMPLEMENT ANY RECOMMENDED STATUTORY CHANGES, TO
18  THE COMMITTEES OF THE GENERAL ASSEMBLY THAT ROUTINELY HANDLE THE
19  POLICY ISSUES AND LEGISLATION RELATED TO A SPECIFIC GOVERNMENTAL
20  ACTIVITY OR QUASI–GOVERNMENTAL UNIT SUBJECT TO REVIEW UNDER THIS
21  SUBTITLE.

22  (C) AN EVALUATION REPORT PREPARED UNDER THIS SECTION SHALL
23  ADDRESS THE QUASI–GOVERNMENTAL UNIT’S:

24  (1) EFFICIENCY;

25  (2) EFFECTIVENESS;

26  (3) ROLE IN PROTECTING CONSUMERS;

27  (4) SUFFICIENCY OF RESOURCES; AND

28  (5) ADHERENCE TO AND ACCOMPLISHMENT OF LEGISLATIVE
29  OBJECTIVES.

30  9.6–303.
(A) During an evaluation conducted under this subtitle, the quasi–governmental unit under evaluation shall:

(1) promptly provide any information that the Department requests; and

(2) otherwise cooperate with the Department to carry out the requirements of this subtitle.

(B) Information requested under subsection (A)(1) of this section may be provided in a format that protects the confidentiality of individuals as necessary.

(C) The Department shall follow procedures to maintain the confidentiality of any information, documents, or proceedings obtained or observed in the course of carrying out the requirements of this subtitle.

SECTION 2. AND BE IT FURTHER ENACTED, That the initial evaluation reports of quasi–governmental units required under Title 9.6, Subtitle 3 of the State Government Article, as enacted by Section 1 of this Act, shall be submitted on or before December 31 of the following years:

(1) Northeast Maryland Waste Disposal Authority – 2023;

(2) Maryland Clean Energy Center – 2023;

(3) Maryland Agricultural and Resource–Based Industry Development Corporation – 2024;

(4) Maryland Automobile Insurance Fund – 2024;

(5) Bainbridge Development Corporation – 2025;

(6) Canal Place Preservation and Development Authority – 2025;

(7) Maryland Economic Development Corporation – 2026;

(8) Maryland Environmental Service – 2027;

(9) Maryland Food Center Authority – 2028;

(10) Maryland Health and Higher Educational Facilities Authority – 2028;

(11) Maryland Industrial Development Financing Authority – 2029;
(12) Maryland Stadium Authority – 2029; and

(13) Maryland Technology Development Corporation – 2030.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2022.