

SENATE BILL 399

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CF HB 416

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

1 AN ACT concerning

2 **State Government – Quasi-Governmental Units – Oversight and Governance**

3 FOR the purpose of establishing certain entities as “quasi-governmental units”;
4 establishing the intent of the General Assembly to weigh certain factors when
5 considering the creation of a new quasi-governmental unit; requiring a board of
6 directors of a quasi-governmental unit to conduct a certain annual performance
7 appraisal of the head of the quasi-governmental unit; requiring a
8 quasi-governmental unit to submit annually a certain budget to the Department of
9 Budget and Management in a certain manner; requiring the Department of Budget
10 and Management to include the budget of a quasi-governmental unit in the State
11 annual budget book for informational purposes; requiring the budget committees of
12 the General Assembly to hold hearings on the budgets of quasi-governmental units
13 at certain intervals; requiring the board of directors of a quasi-governmental unit to
14 obtain a certain independent assessment at certain intervals; requiring the
15 assessment to include evaluations of certain items; requiring the board of directors
16 of a quasi-governmental unit to take certain actions relating to the independent
17 assessment under certain circumstances, submit the assessment to the Governor and
18 the General Assembly, and post a copy of the assessment to the website of the
19 quasi-governmental unit in a certain manner; requiring the Department of
20 Legislative Services to conduct certain reviews and prepare certain reports regarding
21 quasi-governmental units at certain intervals; requiring the Department of
22 Legislative Services to submit an evaluation report to certain committees of the
23 General Assembly; requiring an evaluation report to address certain items; requiring
24 a quasi-governmental unit to respond to and cooperate with the Department of
25 Legislative Services during an evaluation; authorizing certain information to be
26 provided in a certain manner; requiring the Department of Legislative Services to
27 follow certain procedures under certain circumstances; establishing the initial
28 schedule of certain evaluations of quasi-governmental units; and generally relating
29 to regulation of quasi-governmental units.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – State Government
3 Section 9.6–101 through 9.6–303 to be under the new title “Title 9.6.
4 Quasi–Governmental Units – Oversight and Governance”
5 Annotated Code of Maryland
6 (2021 Replacement Volume)

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

9 **Article – State Government**

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

11 **SUBTITLE 1. DEFINITION; INTENT.**

12 **9.6–101.**

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

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

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

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

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

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

25 **(6) MARYLAND ECONOMIC DEVELOPMENT CORPORATION (TITLE**
26 **10, SUBTITLE 1 OF THE ECONOMIC DEVELOPMENT ARTICLE);**

27 **(7) MARYLAND ENVIRONMENTAL SERVICE (TITLE 3, SUBTITLE 1 OF**
28 **THE NATURAL RESOURCES ARTICLE);**

1 **(8) MARYLAND FOOD CENTER AUTHORITY (TITLE 10, SUBTITLE 2**
2 **OF THE ECONOMIC DEVELOPMENT ARTICLE);**

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

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

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

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

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

13 **9.6–102.**

14 **IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT WHEN CONSIDERING THE**
15 **CREATION OF A NEW QUASI–GOVERNMENTAL UNIT THE FOLLOWING FACTORS WILL**
16 **BE WEIGHED:**

17 **(1) THE ABILITY OF A CURRENT GOVERNMENTAL UNIT OR PRIVATE**
18 **BUSINESS TO PERFORM THE FUNCTIONS OF THE PROPOSED NEW**
19 **QUASI–GOVERNMENTAL UNIT; AND**

20 **(2) THE PROPOSED ROLE OF THE NEW QUASI–GOVERNMENTAL UNIT**
21 **IN RELATION TO EXISTING UNITS OF GOVERNMENT AND BUSINESSES, INCLUDING**
22 **WHETHER THE NEW QUASI–GOVERNMENTAL UNIT WILL IN ANY WAY CONFLICT WITH**
23 **OR ENHANCE THE OPERATIONS OF A CURRENT UNIT OF GOVERNMENT OR BUSINESS.**

24 **9.6–103.**

25 **THE PROVISIONS OF THIS TITLE ARE IN ADDITION TO ANY OTHER**
26 **REQUIREMENTS OF LAW RELATING TO A QUASI–GOVERNMENTAL UNIT.**

27 **SUBTITLE 2. GENERAL PROVISIONS.**

28 **9.6–201.**

1 THE VOTING MEMBERS OF THE BOARD OF DIRECTORS OF A
2 QUASI-GOVERNMENTAL UNIT SHALL CONDUCT AN ANNUAL PERFORMANCE
3 APPRAISAL OF THE HEAD OF THE QUASI-GOVERNMENTAL UNIT.

4 **9.6-202.**

5 (A) (1) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A
6 QUASI-GOVERNMENTAL UNIT SHALL SUBMIT ANNUALLY A FULL AND DETAILED
7 BUDGET REFLECTING THE OPERATING AND CAPITAL PROGRAM OF THE
8 QUASI-GOVERNMENTAL UNIT TO THE DEPARTMENT OF BUDGET AND
9 MANAGEMENT.

10 (2) THE DEPARTMENT OF BUDGET AND MANAGEMENT SHALL
11 INCLUDE EACH BUDGET RECEIVED UNDER PARAGRAPH (1) OF THIS SUBSECTION IN
12 THE STATE ANNUAL BUDGET BOOK FOR INFORMATIONAL PURPOSES.

13 (B) A BUDGET SUBMITTED UNDER SUBSECTION (A) OF THIS SECTION
14 SHALL:

15 (1) BE SUBMITTED IN THE MANNER REQUIRED BY THE DEPARTMENT
16 OF BUDGET AND MANAGEMENT; AND

17 (2) SPECIFY THE SOURCE OF THE QUASI-GOVERNMENTAL UNIT'S
18 REVENUES IN THE MANNER REQUIRED BY THE DEPARTMENT OF BUDGET AND
19 MANAGEMENT.

20 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF THIS
21 SUBSECTION, THE BUDGET COMMITTEES OF THE GENERAL ASSEMBLY SHALL EACH
22 HOLD A HEARING ON THE BUDGET OF EACH QUASI-GOVERNMENTAL UNIT AT LEAST
23 ONCE EVERY 2 YEARS.

24 (2) THE BUDGET COMMITTEES MAY HOLD A HEARING ON THE
25 BUDGET OF A QUASI-GOVERNMENTAL UNIT EVERY YEAR.

26 (3) (I) A BUDGET COMMITTEE MAY VOTE NOT TO HOLD A HEARING
27 ON THE BUDGET OF A SPECIFIC QUASI-GOVERNMENTAL UNIT IN A REQUIRED YEAR.

28 (II) IF A BUDGET COMMITTEE VOTES NOT TO HOLD A HEARING
29 ON THE BUDGET OF A SPECIFIC QUASI-GOVERNMENTAL UNIT IN A REQUIRED YEAR
30 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COMMITTEE SHALL HOLD THE
31 HEARING THE IMMEDIATELY FOLLOWING YEAR.

32 **9.6-203.**

1 **(A) ON OR BEFORE DECEMBER 31, 2023, AND EVERY 5 YEARS THEREAFTER,**
2 **THE BOARD OF DIRECTORS OF A QUASI-GOVERNMENTAL UNIT SHALL OBTAIN AN**
3 **ASSESSMENT OF THE BOARD'S OPERATIONS BY AN INDEPENDENT CONSULTANT OR**
4 **ACCOUNTANT.**

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

7 **(1) THE STRUCTURE OF THE BOARD, INCLUDING THE BOARD'S:**

8 **(I) COMPOSITION;**

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

11 **(III) DIVERSITY;**

12 **(IV) SUBCOMMITTEES OR WORKGROUPS; AND**

13 **(V) FREQUENCY OF MEETINGS;**

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

15 **(I) THE BOARD'S ANNUAL CALENDAR;**

16 **(II) ACCESS TO INFORMATION;**

17 **(III) COMMUNICATION WITH THE PERSONNEL OF THE**
18 **QUASI-GOVERNMENTAL UNIT;**

19 **(IV) PLANNING; AND**

20 **(V) COHESIVENESS AND CONDUCT OF BOARD MEETINGS;**

21 **(3) THE BOARD'S ROLE IN THE SHORT-TERM AND LONG-TERM**
22 **STRATEGY OF THE QUASI-GOVERNMENTAL UNIT;**

23 **(4) THE FINANCIAL REPORTING PROCESS, INTERNAL AUDITS, AND**
24 **INTERNAL CONTROLS OF THE QUASI-GOVERNMENTAL UNIT;**

25 **(5) THE BOARD'S ROLE IN MONITORING THE POLICIES, STRATEGIES,**
26 **AND SYSTEMS OF THE QUASI-GOVERNMENTAL UNIT;**

1 **(6) THE BOARD’S ROLE IN SUPPORTING AND ADVISING THE**
2 **QUASI-GOVERNMENTAL UNIT;**

3 **(7) THE ROLE OF THE CHAIR OF THE BOARD; AND**

4 **(8) ANY OTHER ISSUE RELEVANT TO THE BOARD’S OPERATIONS.**

5 **(C) THE BOARD SHALL:**

6 **(1) REVIEW EACH ASSESSMENT REQUIRED UNDER THIS SECTION AT A**
7 **MEETING OF THE BOARD; AND**

8 **(2) MAKE ANY CHANGES OR RECOMMENDATIONS THAT THE BOARD**
9 **CONSIDERS APPROPRIATE BASED ON THE ASSESSMENT.**

10 **(D) (1) THE BOARD SHALL SUBMIT EACH ASSESSMENT REQUIRED UNDER**
11 **THIS SECTION TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THIS**
12 **ARTICLE, THE GENERAL ASSEMBLY.**

13 **(2) A QUASI-GOVERNMENTAL UNIT SHALL POST A COPY OF EACH**
14 **ASSESSMENT ON THE WEBSITE OF THE QUASI-GOVERNMENTAL UNIT, INCLUDING A**
15 **LINK TO A COPY OF THE MOST RECENT ASSESSMENT ON THE HOMEPAGE OF THE**
16 **WEBSITE.**

17 **SUBTITLE 3. EVALUATION OF QUASI-GOVERNMENTAL UNITS.**

18 **9.6-301.**

19 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
20 **INDICATED.**

21 **(B) “DEPARTMENT” MEANS THE DEPARTMENT OF LEGISLATIVE SERVICES.**

22 **(C) “EVALUATION” MEANS THE PROCESS OF LEGISLATIVE REVIEW OF A**
23 **GOVERNMENTAL ACTIVITY OR QUASI-GOVERNMENTAL UNIT USED TO DETERMINE:**

24 **(1) WHETHER THE QUASI-GOVERNMENTAL UNIT IS FULFILLING THE**
25 **PURPOSE AS PROVIDED IN ITS IMPLEMENTING LEGISLATION, INCLUDING WHETHER**
26 **ITS DUTIES OR FUNCTIONS DIFFER FROM THIS LEGISLATION;**

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.**

1 **(A) DURING AN EVALUATION CONDUCTED UNDER THIS SUBTITLE, THE**
2 **QUASI-GOVERNMENTAL UNIT UNDER EVALUATION SHALL:**

3 **(1) PROMPTLY PROVIDE ANY INFORMATION THAT THE DEPARTMENT**
4 **REQUESTS; AND**

5 **(2) OTHERWISE COOPERATE WITH THE DEPARTMENT TO CARRY OUT**
6 **THE REQUIREMENTS OF THIS SUBTITLE.**

7 **(B) INFORMATION REQUESTED UNDER SUBSECTION (A)(1) OF THIS**
8 **SECTION MAY BE PROVIDED IN A FORMAT THAT PROTECTS THE CONFIDENTIALITY**
9 **OF INDIVIDUALS AS NECESSARY.**

10 **(C) THE DEPARTMENT SHALL FOLLOW PROCEDURES TO MAINTAIN THE**
11 **CONFIDENTIALITY OF ANY INFORMATION, DOCUMENTS, OR PROCEEDINGS**
12 **OBTAINED OR OBSERVED IN THE COURSE OF CARRYING OUT THE REQUIREMENTS**
13 **OF THIS SUBTITLE.**

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

18 (1) Northeast Maryland Waste Disposal Authority – 2023;

19 (2) Maryland Clean Energy Center – 2023;

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

22 (4) Maryland Automobile Insurance Fund – 2024;

23 (5) Bainbridge Development Corporation – 2025;

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

25 (7) Maryland Economic Development Corporation – 2026;

26 (8) Maryland Environmental Service – 2027;

27 (9) Maryland Food Center Authority – 2028;

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

29 (11) Maryland Industrial Development Financing Authority – 2029;

1 (12) Maryland Stadium Authority – 2029; and

2 (13) Maryland Technology Development Corporation – 2030.

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