

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1136 (Delegate Adams, *et al.*)
 Environment and Transportation

Public Ethics – Former Employees and Officials – Employment Restriction

This bill limits, to a period of one year from the date a former official or employee leaves State office, a restriction under the Maryland Public Ethics Law that prohibits a former official or employee from assisting or representing a party other than the State for compensation in specified matters.

Fiscal Summary

State Effect: General fund expenditures for the State Ethics Commission (SEC) increase by \$25,000 in FY 2023 only, as discussed below. Any decrease in the assessment of existing fines applicable to Ethics Law violations does not materially affect State revenues.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	25,000	0	0	0	0
Net Effect	(\$25,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not directly affect local government finances or operations.

Small Business Effect: None.

Analysis

Current Law:

Maryland Public Ethics Law, Generally

The Maryland Public Ethics Law sets out requirements, prohibitions, and procedures that affect officials in the Legislative, Executive, and Judicial branches of government for the purpose of maintaining people's trust in government and protecting against the improper influence and the appearance of improper influence of government. The Ethics Law is generally administered by SEC; the Joint Committee on Legislative Ethics and the Commission on Judicial Disabilities administer specified provisions of the Ethics Law as they apply to members of the General Assembly and State officials of the Judicial Branch, respectively.

Restrictions on Compensated Representation or Assistance

The Ethics Law prohibits a former official or employee, other than a former member of the General Assembly, from assisting or representing a party, other than the State, in a case, contract, or any other specific matter for compensation if (1) the matter involves State government and (2) the former official employee participated significantly in the matter as an official or employee. (*Under the bill*, this restriction only applies for one year from the date the official or employee leaves State office.)

The Ethics Law also prohibits a former member of the General Assembly or a former Governor, Lieutenant Governor, Attorney General, Comptroller, State Treasurer, or secretary of a principal department in the Executive Branch from assisting or representing another party for compensation in a matter that is the subject of legislative action (as defined under the Ethics Law) for one calendar year from the date the official leaves State office. The limitation does not apply to representation of a municipal corporation, county, or State government entity.

Violations of the Ethics Law

Any entity may file a complaint with SEC alleging a violation of the Ethics Law, and SEC may, on its own motion, issue a complaint alleging a violation. For further action, SEC must promptly refer a complaint to the (1) Commission on Judicial Disabilities, if the complaint concerns a judge; (2) the Joint Committee on Legislative Ethics, if the complaint alleges a specified violation by a State official of the Legislative Branch; or (3) staff counsel, if the complaint concerns any other entity. For a complaint retained by SEC, if SEC determines that the respondent has violated any provision of the Ethics Law, SEC

may, among other things, issue an order of compliance directing the respondent to cease and desist from the violation.

Enforcement by the Court

SEC may petition the circuit court to compel compliance with an order or seek other specified relief. The court may compel compliance with an SEC order by issuing an order to cease and desist from the violation or granting other injunctive relief. The court may also impose a fine of up to \$5,000 for a violation of the Ethics Law, with each day that the violation occurs being a separate offense. Monetary penalties assessed by the court are deposited in the general fund. Under specified circumstances, the court may void an official act of an official or employee arising from a prohibited conflict of interest.

State Expenditures: SEC advises that the bill's change necessitates modifications to its online ethics training module. Based on previous experience with modifications to this system, SEC estimates related one-time costs of \$25,000. Thus, general fund contractual expenditures for SEC increase by an estimated \$25,000 in fiscal 2023 only.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

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