

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1297 (Delegate Hornberger, *et al.*)
Environment and Transportation

Public Ethics - Local Government and School Boards - Requirements

This bill requires that ethics provisions governing conflict of interest and lobbying enacted by each county, municipal corporation, and school board for local officials and school board members be equivalent to or exceed the requirements under the Maryland Public Ethics Law for State officials (instead of just be similar to them). It further requires that conflict of interest provisions enacted by a county, municipal corporation, or school board for local officials or school board members (1) include a provision that is equivalent to or exceeds enforcement and judicial review provisions under the Maryland Public Ethics Law; (2) authorize the governing body of the county or municipal corporation or a school board to remove a member from office for a violation of the conflict of interest provisions or regulations; and (3) require each county or municipal corporation or school board ethics board to make public any recommendation it makes to expel a member of the governing body or school board. Finally, the bill requires (instead of authorizes) local school boards to adopt regulations related to lobbying of members of the school board and officials and employees of the school system.

Fiscal Summary

State Effect: The State Ethics Commission (SEC) can review and approve changes to local ethics laws with existing resources but experiences an operational burden due to the bill, as discussed below. No effect on revenues.

Local Effect: None. Counties and municipal corporations can likely make changes to their ethics laws with existing resources. No effect on revenues.

Small Business Effect: None.

Analysis

Current Law:

Maryland Public Ethics Law

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 Maryland Public Ethics Law is administered by SEC with the Joint Committee on Legislative Ethics and the Commission on Judicial Disabilities.

Among the requirements, prohibitions, and procedures of the Maryland Public Ethics Law are provisions regarding conflicts of interest, financial disclosure statements and lobbying.

Conflict of Interest and Financial Disclosures, Generally

The Maryland Public Ethics Law regulating conflicts of interest *generally* prohibits a State official or employee from (1) being employed or having a financial interest in an entity subject to the authority of that official or employee or of the governmental unit with which the official or employee is affiliated; (2) being employed or having financial interest in an entity that is negotiating or has entered a contract with that governmental unit or an entity that is a subcontractor on a contract with that governmental unit; or (3) holding any other employment relationship that would impair the impartiality and independent judgment of the official or employee; (4) soliciting or accepting any gift exceeding \$20 in value, among others; (5) intentionally using the prestige of office for private gain or influence, as specified; (6) disclosing or using confidential information acquired by reason of the individual's public position and not available to the public; (7) unlawfully harassing or discriminating against certain individuals; or (8) retaliating against an individual for reporting or participating in the investigation of a potential violation of the Maryland Public Ethics Law. SEC may make certain exemptions specified by statute.

The Maryland Public Ethics Law regulating financial disclosures *generally* requires elected officials, candidates for State-elected offices, certain State employees, and other State officials to identify real estate interests, equity interests, and other relationships such as employment, debts, and gifts as specified by statute. Financial disclosures are available to the public and maintained by SEC. A State official or employee may not participate in a matter if the official or employee has specified conflicts of interest, including if the official or employee or a qualifying relative has an interest in the matter and the official or employee knows of the interest.

Regulations of Lobbyist Activity

SEC administers a lobbying regulatory program including registration, disclosure, reporting and standards of conduct for executive, legislative and grassroots lobbying. The lobbyist standards are comprehensive and address a multitude of issues including contingent fees, campaign finance activity, improper encouragement of legislation, improper gifts, prohibitions against loans, concealment of clients, referrals by officials or employees to obtain lobbying clients, intentional misstatement of fact, and other fraudulent or illegal activities. More than 3,000 lobbying registrations are filed each year identifying the name of the lobbyist, the employer, and the topics of the activity to be lobbied.

Judicial Relief

To compel compliance with an order, or to seek other relief, SEC may file a petition in a circuit court, as specified. 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, as specified, or void an official act of an official or employee if (1) the official or employee had a conflict of interest that is prohibited; (2) the act arose from or concerned the subject matter of the conflict; (3) the proceeding was brought within 90 days after the act occurred; and (4) the court determines that the conflict had an impact on the act. The court may not void an official act that appropriates public funds, imposes a tax, or provides for the issuance of a bond, a note, or any other evidence of public obligation.

Local Government Article § 12-107 (Public Ethics Laws and Regulations)

State ethics law requires counties to enact provisions governing the public ethics of local officials relating to conflicts of interest, financial disclosure, and lobbying. Generally, local governments must establish conflict of interest and financial disclosure provisions that are similar with State law. For local officials, conflict of interest and financial disclosure provisions must be at least as stringent as the equivalent rule that applies to State officials.

Except in Baltimore City, a county's governing body may enact a law or regulation (1) designed to prevent conflicts between private interests and public duties of county officers or employees, including the governing body and (2) to govern the conduct and actions of county officers and employees, including the governing body, in performing their public duties. The governing body of a county may enact a law or regulation to provide a penalty, including a fine, forfeiture, imprisonment, or a removal from office for violation of any law or regulation.

“Local official” includes an individual who is designated as a local official and whose position is funded wholly or partly by the State.

SEC may exempt some small municipalities from the requirement to enact ethics laws, or certain parts of ethics laws, for their jurisdictions.

School Board Conflict of Interest and Financial Disclosure Statement Provisions

The Maryland Public Ethics Law requires local boards of education to adopt conflict of interest and financial disclosure provisions for members of the school board. These provisions must be equivalent to or exceed the State provisions for officials and employees. The law also authorizes local boards of education to adopt conflict of interest regulations for officials and employees of the school system, which (if enacted) must be similar to State requirements. If a school board does not adopt its own conflict of interest and financial disclosure requirements, the comparable provisions enacted by the county apply to officials and employees of that school system.

State Fiscal Effect: SEC advises the bill will have a significant operational impact if enacted. SEC is required to review and approve any changes to local ethics laws, ordinances and policies for compliance with Subtitle 8 of the Maryland Public Ethics Law. Due to the provisions of the bill, SEC must work with the 24 counties, 24 local boards of education, and approximately 75 municipalities required to adopt local ethics laws and provisions to review and approve updated local ethics laws in compliance with the bill. SEC advises that the review and approval process may be slowed significantly due to the requirements of the bill but that it can otherwise complete the review and approval with existing resources.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); State Ethics Commission; Anne Arundel, Baltimore, Charles, and Dorchester counties; Maryland Municipal League; Baltimore County Public Schools; Montgomery County Public Schools; City of Laurel; Town of La Plata; Department of Legislative Services

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