

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 549 (Delegate Palakovich Carr)
Government, Labor, and Elections

Maryland Public Ethics Law - Virtual Currency and Domestic Partners

This bill requires that financial disclosure statements submitted by officials and candidates for office as State officials include a schedule of each "virtual currency" held by the individual valued at \$1,000 or more, as specified. In addition, the bill expands the application of the Maryland Public Ethics Law to include "domestic partner" and "registered domestic partner" in numerous places where "spouse" is referenced. Finally, the bill makes technical and conforming changes to other provisions of the Maryland Public Ethics Law.

Fiscal Summary

State Effect: General and special fund expenditures by the State Ethics Commission (SEC) increase by a total of \$165,000 only in FY 2027 for contractual information technology (IT) services, with general fund expenditures increasing by \$145,000 and special fund expenditures increasing by \$20,000. No effect on revenues.

Table with 6 columns: (in dollars), FY 2027, FY 2028, FY 2029, FY 2030, FY 2031. Rows include Revenues, GF Expenditure, SF Expenditure, and Net Effect.

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

Local Effect: The bill does not materially affect local government operations or finances.
Small Business Effect: None.

Analysis

Bill Summary:

Definitions

A “domestic partner” means an individual in a domestic partnership, as defined in current law.

A “registered domestic partnership” means a domestic partnership that has been filed with the Register of Wills in the appropriate county and in the manner required under State law.

Disclosure of Virtual Currency

The financial disclosure statement for each official and candidate for office as a State official must include a schedule of each interest in virtual currency held by the individual in excess of \$1,000. For each interest reported, the schedule must include:

- the type and name of the virtual currency;
- the nature and amount of interest held, including any conditions to and encumbrances on the interest;
- if any interest was acquired during the applicable time period of the disclosure: (1) the date and manner in which the interest was acquired; (2) the identity of the entity from which the interest was acquired; (3) for interest acquired by purchase, the nature and amount of the consideration given for the interest; and (4) for interest acquired by any manner other than purchase, the fair market value of the interest when it was acquired; and
- for transferred interest, in whole or in part, during the applicable time period for the disclosure: (1) a description of the interest transferred; (2) the nature and amount of the consideration received for the interest; and (3) the identity of the entity to which the interest was transferred, if known.

Current Law:

Definitions

A “domestic partnership” means a relationship between two individuals who:

- are at least 18 years old;
- are not related to each other by blood or marriage within four degrees of consanguinity under civil law rule;

- are not married or in a civil union or domestic partnership with another individual; and
- agree to be in a relationship of mutual interdependence in which each individual contributes to the maintenance and support of the other individual and the relationship, even if both individuals are not required to contribute equally to the relationship.

An “official” is either a State official or a public official, as determined under State law.

A “State official” is (1) a constitutional officer; (2) a member or member-elect of the General Assembly; (3) a judge or judge-elect of a court; (4) a judicial appointee; (5) a State’s Attorney; (6) a clerk of the circuit court; (7) a register of wills; or (8) a sheriff.

“Virtual currency” means a digital representation of value that is used as a medium of exchange, unit of account, or store of value and is not currency or coin of the United States or any other country. “Virtual currency” does not include:

- a digital representation of value that can be redeemed for (1) goods, services, discounts, or purchases, as specified or (2) digital units in another customer affinity or reward program, as specified; or
- a digital representation of value issued by or on behalf of a publisher, as specified.

Financial Disclosure Provisions

Public officials, State officials, and candidates for office as a State official must file, under oath, financial disclosure statements with SEC. Statements generally must disclose (1) interests in real property; (2) interests in corporations, partnerships, and companies; (3) interests in and employment by business entities doing business with the State; (4) debts owed to entities doing business with or regulated by an individual’s governmental unit; (5) family members employed by the State; (6) sources of earned income; and (7) gifts, as specified.

An official and candidate for office as a State official must file a financial disclosure statement that includes, among other things, (1) the name and address of each entity that has engaged their spouse for lobbying purposes, if their spouse is a regulated lobbyist and (2) an interest held by their spouse or child, if the interest was controlled, directly or indirectly, by the filer at any time during the applicable period.

A member of the General Assembly must submit a written report to the Joint Ethics Committee that includes, among other things:

- the name of any business enterprise subject to regulation by a State agency in which the legislator and a member of the legislator's immediate family (including spouse), together or separately have (1) the lesser of 10% or more of the capital stock of any corporation or capital stock of any corporation with a cumulative value of \$35,000 or more, and (2) any interest in a partnership, limited liability partnership, or limited liability company;
- the primary employer of the legislator and the legislator's spouse (except for employment as a legislator);
- a business from which the legislator or the legislator's spouse receives earned income as a result of an ownership interest in the business; and
- if the legislator's spouse is an individual regulated lobbyist, the name of each entity that has engaged the lobbyist for lobbying purposes.

Conflict of Interest

The Maryland Public Ethics Law regulating conflicts of interest generally prohibits an 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.

Regulation of Registered Lobbyists

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.

Registered lobbyists are required to report to SEC, among other things, if they have engaged in a business transaction with the spouse of: (1) a member of the General Assembly; (2) the Governor; (3) the Lieutenant Governor; (4) the Attorney General; (5) the Secretary of State; (6) the Comptroller; (7) the State Treasurer; and (8) the secretary of any principal State department.

Lobbyist Registration Fund

The Lobbyist Registration Fund is a special, nonlapsing fund administered by the State Treasurer. The fund consists of lobbyist registration fees collected by SEC. The fund may be used to defray the expenses of administering the Maryland Public Ethics Law as it relates to lobbyist activity. Any balance remaining in the Fund at the end of any fiscal year is reverted to the general fund of the State.

State Expenditures: To implement the bill, SEC must update/reprogram several electronic training, disclosure, reporting, registration, and audit systems; all updates are done by private vendors. The cost to reprogram the electronic systems related to lobbying activity is \$20,000, which SEC advises will be paid for using the Lobbyist Registration Fund. The cost to reprogram the other electronic financial disclosure systems (to add a schedule for virtual currency), audit programs, and training programs is \$145,000, which SEC advises will be paid from the general fund.

Additional Information

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

Designated Cross File: SB 931 (Senator Harris) - Education, Energy, and the Environment.

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

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