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Senate Bill 399 State Government - Quasi-Governmental Units - Oversight and Governance

Thursday, March 3, 2022

Senate Education, Health, and Environmental Affairs Committee

Position: SUPPORT

Erin Chase, Deputy Legislative Officer, Office of the Governor
Andrew Serafini, Chair, State Transparency and Accountability Reform Commission

Chair Pinsky, Vice Chair Kagan, and Members of the Committee:

Senate Bill 399 fulfills a number of the recommendations resulting from Governor Hogan's State Transparency and Accountability Reform (STAR) Commission, which was chaired by former state Senator Andrew Serafini. The executive order signed by the governor establishing the Commission charged it with reviewing the operations and structures of state instrumentalities that operate as quasi-governmental agencies. These agencies, created by statute, are designed to fulfill public purposes by operating with structures that provide the necessary managerial flexibility to ensure optimal performance. It is the state's duty to ensure that these agencies operate with the highest integrity, and provide services in accordance with their mission, while maintaining public trust. The Commission's final report was released on December 1, 2021, and contained numerous recommendations to help improve transparency and accountability for these instrumentalities of the state.

Senate Bill 399 will apply to the following units: Bainbridge Development Corporation, Canal Place Preservation and Development Authority, Maryland Agricultural and Resource-Based Industry Development Corporation, Maryland Automobile Insurance Fund, Maryland Clean Energy Center, Maryland Economic Development Corporation, Maryland Environmental Service, Maryland Food Center Authority, Maryland Health and Higher Educational Facilities Authority, Maryland Industrial Development Financing Authority, Maryland Stadium Authority, Maryland Technology Development Corporation, and Northeast Maryland Waste Disposal Authority, and require the following:

- Submission an annual, detailed budget to the Department of Budget and Management for inclusion in the budget books;
- Legislative budget hearings for each unit at least every other year;
- Independent board assessment every 5 years to evaluate the effectiveness of the board's operations;
- The governing board of the entity to conduct the annual performance review of the head of the agency;
- Department of Legislative Services perform a comprehensive review of the unit at least every 8 years and determining the unit's compliance with statute and mission, and have the committee of jurisdiction conduct a review, similar to a "sunset" review, to determine if the unit's statute needs to be amended or if the mission of the unit are achieved by other units;

The Hogan Administration remains committed to bringing transparency, accountability, and appropriate oversight measures for units of government. The people of Maryland deserve and expect a government that operates with integrity, and there must be adequate safeguards and oversight to ensure that all units of state government operate consistently with the public trust.

For these reasons, the Administration respectfully requests a favorable report in Senate Bill 399.