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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

Public Ethics – Conflicts of Interest and Blind Trust – Governor (HB 932)

Testimony of Delegate Marc Korman-Favorable

Thank you, Madame Vice Chair, colleagues on the Environment and Transportation Committee. I come before you today to discuss HB 932- Public Ethics – Conflicts of Interest and Blind Trust – Governor, which strengthens Maryland’s public ethics laws by establishing clear conflict of interest requirements for the Governor, enhancing transparency, and reinforcing public trust in government.

This bill directly addresses potential conflicts of interest that may arise within the Governor’s office. It requires the Governor, within six months of taking office, to place certain financial interests into a certified blind trust or divest from them. Interests not included in a blind trust must be governed by a nonparticipation agreement with the State Ethics Commission to prevent conflicts of interest. The Ethics Commission may extend this deadline for good cause. To maintain transparency, the blind trust documents will be posted publicly on the Ethics Commission’s website.

The management of the blind trust is crucial to preserving its independence and ensuring compliance with ethical standards. The Governor must appoint a qualified trustee with at least two years of experience in trust management. Communication between the Governor and trustee is limited to necessary matters for tax filings.

For excluded interests, the Governor must enter into a nonparticipation agreement with the Ethics Commission, prohibiting involvement in related matters. These agreements will be posted publicly and provided to the General Assembly, Ethics Committee, and Board of Public Works.

This bill ensures that both the Governor and their close associates are held to the highest ethical standards. The bill extends conflict of interest restrictions to the Governor’s immediate family and household members, with the exception of employees. In addition, any business entity seeking a State grant, competitive award, or contract must report financial interests held by the Governor or restricted individuals. These reports will be posted on the Ethics Commission’s website.

Recognizing that some situations may warrant exceptions, the bill provides flexibility in its implementation. The Ethics Commission may grant exemptions based on certain factors, such as closely held corporations or existing restrictions on an interest, with regulations governing these exemptions.

The bill makes certain that the definition of "interest" is comprehensive and appropriately addresses various financial connections. HB 932 amends the definition of "interest" to include both direct and indirect economic interests while exempting certain investments. The bill also requires business entities applying for State grants or contracts to disclose financial interests held by the Governor or restricted individuals.

This bill reasonably enhances Maryland's ethical standards and transparency in government. It strengthens Maryland's public ethics framework by limiting the Governor's ability to influence decisions for personal gain. The bill increases transparency in State procurement, and ensures financial independence. These measures will enhance public confidence in government integrity and accountability.

I urge a favorable report on HB 932. Thank you.