

# **HB0932 Public Ethics - Conflicts of Interest and B**

Uploaded by: Cecilia Plante

Position: FAV



## TESTIMONY FOR HB0932 Public Ethics - Conflicts of Interest and Blind Trust - Governor

**Bill Sponsor:** Delegate Korman

**Committee:** Environment and Transportation

**Organization Submitting:** Maryland Legislative

Coalition **Person Submitting:** Aileen Alex, co-chair

**Position:** FAVORABLE

I am submitting this testimony in favor of HB0932 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

As a precautionary measure in a time when we seem to be governed by a kleptocracy at the federal level, HB0932 heads-off conflicts of interest involving the Governor of Maryland, aiming to ensure that the Governor's personal financial interests do not influence their official duties.

The bill does this by requiring the Governor to place certain interests into a certified blind trust or divest of those interests within six months after taking the oath of office. It also mandates the Governor to enter into a nonparticipation agreement with the State Ethics Commission for any interests not included in the blind trust. Additionally, business entities seeking state grants, competitive awards, or contracts must report any interests held by the Governor or restricted individuals to the Ethics Commission.

Thus, this bill promotes transparency and accountability in the Governor's office, ensuring that the Governor's decisions are made in the best interest of the public, free from personal financial conflicts. This can help build trust in the government and ensure fair and ethical governance, ultimately benefiting the citizens of Maryland.

The Maryland Legislative Coalition steadfastly supports this bill and similar initiatives that result in good governance.

# **HB 932 - Public Ethics –Conflicts of Interest Act**

Uploaded by: Joanne Antoine

Position: FAV

February 20, 2025

**Testimony on HB 932**  
**Public Ethics –Conflicts of Interest Act and Blind Trust - Governor**  
**Environment and Transportation**

**Position: Favorable**

Common Cause Maryland supports HB 932 which would help to ensure that once elected, a Governor places certain interests in a blind trust or divests from private assets and holdings to completely avoid any possibility of a conflict of interest. The legislation would also require disclosure of any interest in these businesses and a nonparticipation agreement with the Maryland Ethics Commission.

Maryland law is evident in that it prohibits public officials from taking part in decisions where they or a close relative have a financial interest. Still, the law does not restrict the trustees who can oversee these interests when entering a blind trust agreement. Former Governor Larry Hogan's privately held company is an example of this. During his term in office, it was discovered that he engaged in official actions that have led the public to question his decisions and whether they directly benefited him. His relatives own economic and financial interests. While the former Governor handed ownership of his company over to his brother and was granted a financial interest exception by the State Ethics Commission that allowed him to receive updates about the company's investments, his relationship with the trustees, which included his brother, created the appearance of a conflict. While his team has reported no wrongdoing, even informal conversations with his brother about the company's finances and real estate dealings have left many questioning whether those interactions influenced his official actions in his own interest. This may have also been the case for other previous Governors.

Conflicts of interest are cancerous to our democracy. When our elected officials put their personal interests first, they are sending a message to people throughout the state that their needs are not a priority. Conflicts of Interest put elected officials' jobs as public servants and good policy making in jeopardy.

HB 932 seeks to ensure those in the position of Governor in the future work to avoid conflicts at all costs by restricting their ability to participate in any matter that may come before a state agency that involves their business. Also, that prior interests were disclosed and no communications from trustees regarding income or overall management of the company, except for filing taxes, are allowed during their term.

Because HB 932 would help to prevent ethical lapses and give Marylanders confidence in our Governor, we request a favorable report.

# **HB 932- Delegate Marc Korman- FAV.pdf**

Uploaded by: Marc Korman

Position: FAV

MARC KORMAN  
Legislative District 16  
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Chair  
Environment and Transportation  
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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.

## **2-20-25 HB 932 Public Ethics - Conflicts of Intere**

Uploaded by: Nancy Soreng

Position: FAV





## **TESTIMONY TO THE HOUSE ENVIRONMENT AND TRANSPORTATION COMMITTEE**

### **HB 932 Public Ethics - Conflicts of Interest and Blind Trust – Governor**

**Position: Favorable**

**By: Linda Kohn, President**

**Date: February 20, 2025**

The League of Women Voters of Maryland supports legislation and administrative action which will make government more responsive and accountable to the voters, such as open meetings, accessibility of records to the public, and a code of ethics for government office holders and officials. We participated in the 1998 Special Study Commission on the Maryland Public Ethics and supported their recommendations. In 1999, we also supported creation of a Commission to review the ethics laws pertaining to lobbyists and their recommendations.

We support HB 932 because it clearly lays out the expectations for a newly elected governor to place all of their financial interests (as defined in the bill) into a blind trust that has been approved by the Ethics Commission and operates in accordance with regulations adopted by that Commission. The bill also requires a newly elected governor to divest themselves of any interests (as defined in the bill) that could cause any likely conflict of interest with their public duties and requires the Governor to enter into a nonparticipation agreement with the State Ethics Commission for any interests not included in a blind trust. Specified businesses must also disclose any ownership interests held by the Governor or certain defined individuals to the Ethics Commission

It goes on to prescribe the parameters for creating the blind trust, the public notice required, and periodic updates. The bill also defines the penalties for failing to comply with the requirements.

Public confidence that an election official is acting in the best public interest rather than being influenced by their own financial interest, is essential to a well-functioning democracy. Due to the Governor's unique power as a member of the Board of Public Works and the head of the Executive Branch this bill requires much needed guidance on how to achieve the separation of personal and public interests that has been missing in law.

We urge a favorable report on HB 932.

**(HB 932) - State Ethics Commission - E&T - Informa**

Uploaded by: Kate Thompson

Position: INFO



**COMMISSION MEMBERS:**  
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February 18, 2025

### House Bill 932 – Public Ethics – Conflicts of Interest and Blind Trust - Governor

#### Testimony Before the Environment and Transportation Committee

The State Ethics Commission provides this informational written testimony to explain the impact of this proposed legislation on the agency.

The State Ethics Commission currently has regulations (COMAR 19A.06) detailing the process to review and approve a blind trust for a State employee or official, including the Governor. The existing regulations outline the two-part review process of certifying that the blind trust meets established criteria and the subsequent approval of the blind trust by the State Ethics Commission. The existing regulatory requirements for blind trusts include criteria related to the independence of a trustee, approval of assets eligible to be included in the blind trust, acknowledgment of restrictions related to trust assets information, and prohibitions from obtaining new interests. The regulations also provide that blind trust documents are available for public inspection and that assets included in an approved trust are exempt from additional inclusion in an annual financial disclosure statement. This legislation codifies many of the existing requirements of the Commission's regulations into the provisions of the Public Ethics Law and adds additional elements of compliance, reporting and public disclosure.

This legislation also establishes the requirement for a Governor-elect to consult with the State Ethics Commission about the blind trust process, sets a statutory time frame for a Governor to place interests into a certified and approved blind trust, and requires a nonparticipation agreement acknowledging conflict of interest restrictions for any remaining interests held by a Governor that are not eligible to be placed in the blind trust. The State Ethics Commission often begins working with elected officials prior to the date they take office to begin the process of addressing conflict of interest issues and provides guidance on participation and other restrictions under the Public Ethics Law. This legislation establishes an accelerated process on these matters.

This legislation will also require the State Ethics Commission to create new disclosure forms for any business entity seeking to obtain a State grant, contract, or competitive funding award to report any interest in the business held by the Governor or certain restricted individuals with specific relationships to the Governor. The State Ethics Commission will also be required to make these disclosure forms publicly available on its website.

This legislation will have both a significant fiscal and operational impact on the agency. In order to implement the changes and requirements of this legislation, the State Ethics Commission will have to update two separate electronic training programs to reflect these legislative changes, update programming to the agency's website to allow for additional information to be publicly available, draft new forms for disclosure of interests in business entities held by the Governor or certain restricted individuals, update the agency's regulations and update all relevant informational memorandum to reflect all changes from this legislation. All updates to electronic training systems require outside vendor services. Updates to agency information technology systems are likely to result in costs from either outside vendors or the Department of Information Technology. Agency staff may have to seek additional training or education on related topics to ensure proper implementation of this legislation. The agency estimates that the costs for these outside vendor services and technical assistance are approximately \$75,000.