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House Bill 1074 – Public Ethics Law – Participation Restrictions and Requirements for Local Governments and School Boards

Testimony Before the Government, Labor and Elections Committee

The State Ethics Commission provides this informational written testimony to explain the impact of this proposed legislation on the State Ethics Commission and the compliance actions required by local governments and local boards of education. This legislation will have fiscal impact of approximately \$25,000 on the State Ethics Commission. Expenses to update two separate training modules for State employees and State elected officials to include new conflict of interest provisions and changes from this legislation will be necessary. This work is completed by an outside IT vendor. Testing and system integration services will also be necessary for these updates. This legislation will also have a significant operational impact on the State Ethics Commission. In addition to updates to its mandatory training programs, agency informational memos, and materials related to updated conflict of interest provisions, the most significant operational impact will be to the Commission's local government guidance and compliance activities. This legislation will require updates to the Commission's local government regulation and Model laws applicable to counties, municipalities, and local boards of education to reflect the new local ethics requirements for these entities from this legislation. The State Ethics Commission will work with local government and local board of education entities to achieve compliance with the new requirements of this legislation.

The State Ethics Commission is required to review and approve any changes to local ethics laws, ordinances, and local board of education ethics policies for compliance with Subtitle 8 of the Maryland Public Ethics Law. The State Ethics Commission will work with the twenty-three (23) counties and Baltimore City, twenty-four (24) local boards of education and approximately seventy-five (75) municipalities required to adopt local ethics laws and provisions to review and approve updated local ethics laws in compliance with this legislation. Of the seventy-five (75) municipalities required to enact a local ethics law, thirty-nine (39) are currently required to include lobbying provisions in their respective local ethics laws. This review and approval process is dynamic and generally takes months, and in some instances approximately a year. The review and approval process depends largely on the local entities' resources and willingness to make all required changes to the local ethics law in a timely manner. To comply with the requirements of this legislation, local

governments and local boards of education will be required to significantly update existing local ethics laws, ordinances and policies. Efforts related to these updates will likely have an impact on both operations and finances for these local entities.

These local entities will all be required to adopt updated conflict of interest provisions for employees, appointed board members, local elected officials, local board of education employees, and local board of education members that are equivalent to or exceed the provisions of the Maryland Public Ethics Law. This legislation changes the standard of compliance for local governments and local boards of education. Under current law, local conflict of interest provisions must be similar to State provisions for local government and local board of education employees and at least equivalent to State provisions for local elected officials and local school board members. This legislation changes the local compliance standard to be equivalent to or exceed the provisions of the Maryland Public Ethics Law for all individuals covered by local conflict of interest provisions.

Additionally, this legislation will require the twenty-three (23) counties, Baltimore City, twenty-four (24) local boards of education, and thirty-nine (39) municipalities that are currently required to include lobbying provisions in their respective local ethics laws to adopt updated lobbying provisions that are equivalent to or exceed the State lobbying provisions of the Maryland Public Ethics Law. Local governments and local boards of education will also be required to make significant changes to local lobbying registration and reporting requirements to comply with this legislation. The State lobbying provisions in Subtitle 7 of the Public Ethics Law include additional lobbying registration and reporting requirements, as well as specific requirements related to meals, gifts, legislative unit receptions, and lobbyist conduct. The State lobbying provisions include requirements that all lobbying registrations and reports are filed electronically. The lobbying provisions of Subtitle 7 of the Public Ethics Law also require mandatory training for registered lobbyists. Electronic filing systems for lobbyists and mandatory lobbyist training will be new requirements for local governments and local boards of education under the requirements of this legislation. There will be costs associated with electronic filing systems and there may also be costs associated with lobbyist training, depending on how the local government entity provides the required lobbyist training. To comply with the requirements of this legislation, many local governments and boards of education may have to engage outside counsel or assistance if local staff resources are limited. The State Ethics Commission often works with outside counsel hired by various local jurisdictions during any local ethics law revision process.