

MEMORANDUM

TO: County Council

FROM:  Michael Faden, Senior Legislative Attorney

SUBJECT: **Introduction:** Bill 39-14, Ethics - Amendments

Bill 39-14, Ethics - Amendments, sponsored by the Council President at the request of the Ethics Commission, is scheduled to be introduced on July 29, 2014. A public hearing is tentatively scheduled for September 16 at 1:30 p.m.

Bill 39-14 would revise certain provisions of the County ethics law governing financial disclosure and solicitation and acceptance of gifts to meet certain requirements of state law. See the transmittal letter from the Ethics Commission for details (©37).

This packet contains:	<u>Circle #</u>
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Bill No. 39-14
Concerning: Ethics – Amendments
Revised: 7-28-14 Draft No. 2a
Introduced: July 29, 2014
Expires: January 29, 2016
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the request of the Ethics Commission

AN ACT to:

- (1) revise certain provisions of the County ethics law governing financial disclosure and solicitation and acceptance of gifts to meet certain requirements of state law; and
- (2) generally update and amend the County ethics law.

By amending

Montgomery County Code
Chapter 19A, Ethics
Sections 19A-4, 19A-16, 19A-17, 19A-18, 19A-19, and 19A-20

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

28 Revenue Code; [and] or
29 (5) an interest in a mutual fund [(including a closed-end fund and a
30 unit investment trust) regulated by the Securities and Exchange
31 Commission, in which the investor does not control the purchase
32 or sale of the individual securities the fund holds] that is publicly
33 traded on a national scale unless the mutual fund is composed
34 primarily of holdings of stocks and interests in a specific sector or
35 area that is regulated by the individual's governmental unit.

36 * * *

37 **19A-16. Soliciting or accepting gifts.**

38 (a) A public employee must not solicit [a] any gift [to the employee or
39 another person or organization:

40 (1) from any business or person who:

41 (A) is registered or must register as a lobbyist;

42 (B) does business with the County agency with which the public
43 employee is affiliated; or

44 (C) is, or owns or operates a business that is, regulated by the
45 County agency with which the public employee is
46 affiliated;

47 (2) during official work hours, or at a County agency, or from any other
48 public employee who is supervised directly or indirectly by the
49 public employee;

50 (3) while wearing all or part of an official uniform of a County agency,
51 or while otherwise identifiable as a public employee;

52 (4) for the employee's own benefit, unless the Ethics Commission
53 approves the solicitation; or

54 (5) with the intent of affecting or offering to affect any action by a
55 County agency].

56 [(b) However, a public employee may solicit a gift:

57 (1) from public employees during official work hours, or at a County
58 agency, for a charitable drive that is approved by the County
59 Executive or (for public employees of the legislative branch) the
60 President of the Council, when the solicitation is part of the
61 public employee's official duties;

62 (2) from any person to a charitable organization, as defined in the
63 state law regulating public charities, or a municipality, if the
64 public employee does not solicit gifts primarily from those
65 persons who do business with or are regulated by the county
66 agency with which the public employee is affiliated, or from
67 other employees who are supervised directly or indirectly by the
68 public employee;

69 (3) from any person, during official work hours, while identifiable as
70 a public employee, or at a County agency, for the benefit of a
71 County agency or a nonprofit organization formally cooperating
72 on a program with a County agency if the solicitation is
73 authorized by the County Executive or (for public employees of
74 the legislative branch) the President of the Council in an order
75 printed in the County Register that designates:

76 (A) the public employee authorized to solicit the gift;

77 (B) the purpose for which the gift is sought;

78 (C) the manner in which the gift may be solicited;

79 (D) the persons or class of persons from whom gifts may be
80 solicited; and

- 81 (E) the type of gifts that may be solicited;
- 82 (4) while wearing all or part of a uniform of the corporation, to a
- 83 nonprofit fire or rescue corporation of which the public employee
- 84 is a member; or
- 85 (5) from any person to a charitable organization, as defined in the
- 86 state law regulating public charities, while identifiable as an
- 87 elected official, if the employee lists in a supplement to each
- 88 annual financial disclosure statement each organization to which
- 89 the employee solicited a contribution during that year.]

90 (b) A public employee must not directly solicit or facilitate the solicitation
 91 of a gift, on behalf of another person, from an individual regulated
 92 lobbyist.

93 (c) A public employee must not knowingly accept a direct or indirect gift
 94 from any individual or organization that the public employee knows or
 95 reasonably should know:

- 96 (1) is registered, or must register, as a lobbyist on a matter that is or
- 97 could be considered by the County agency with which the public
- 98 employee is affiliated;
- 99 (2) does or seeks to do business, regardless of amount, with the
- 100 County agency with which the public employee is affiliated;
- 101 (3) owns or operates a business that is regulated by the County
- 102 agency with which the public employee is affiliated; or
- 103 (4) has an identifiable economic interest that is different from that of
- 104 the general public, which the public employee may substantially
- 105 affect in performing the public employee's official duties.

106 (d) Subsection (c) does not apply to:

- 107 (1) meals and beverages consumed in the presence of the donor or
108 sponsoring entity at a function attended by at least 20 persons or,
109 if fewer than 20 persons attend, meals and beverages consumed
110 in the presence of the donor or sponsoring entity which do not
111 exceed \$50 in value from the same source in any calendar year;
- 112 (2) ceremonial gifts or awards [with a resale] that have insignificant
113 monetary value [of \$100 or less, if the gift or award
114 commemorates an event or achievement associated with the
115 public employee];
- 116 (3) [items of personal property, other than cash, worth less than \$10;]
117 unsolicited gifts of nominal value that do not exceed \$20 in cost,
118 or trivial items of informational value;
- 119 (4) reasonable expenses for food, travel, lodging, and scheduled
120 entertainment of the public employee, given in return for the
121 public employee's participation in a panel or speaking at a
122 meeting;
- 123 (5) gifts to an elected official, [or that official's designee who is
124 assigned to represent the official at an event included in this
125 paragraph,] if the gift:
- 126 (A) is a courtesy extended to the office; and
- 127 (B) consists of tickets or free admission for the [employee and
128 one guest] elected official to attend a charitable, cultural,
129 [civic, labor, trade, sports,] or political event, including
130 meals and beverages served at the event;
- 131 (6) any item that is solely informational or of an advertising nature,
132 including a book, report, periodical, or pamphlet, if the resale
133 value of the item is [~~\$25~~] \$20 or less;

- 134 (7) gifts from a relative;
- 135 (8) honoraria [or awards for achievement] for speaking to or
- 136 participating in a meeting if the offering of the honorarium is not
- 137 related to the employee's official position; or
- 138 (9) a specific gift or class of gifts which the Commission exempts
- 139 from this Section after finding in writing that accepting the gift or
- 140 class of gifts is not detrimental to the impartial conduct of the
- 141 business of a County agency.

- 142 (e) Subsection (c) does not apply to unsolicited gifts to a County agency.
- 143 (f) A public employee who receives a gift that the public employee must
- 144 not accept under this Section must report the gift to the Commission, if
- 145 otherwise required to report it, and return the gift to the donor or transfer
- 146 the gift to the County. [If the unacceptable gift is a perishable item, the
- 147 employee, instead of transferring the gift to the County, may transfer it
- 148 to a charitable or educational organization that can make timely and
- 149 effective use of the gift, so long as the employee is not an officer,
- 150 director, trustee, partner, or employee of the receiving organization.]

151 **19A-17. Who must file a financial disclosure statement.**

152 [(a)] The following persons must file a public financial disclosure statement

153 under oath:

154 [(1)] (a) each incumbent and candidate for:

155 [(A)] (1) County Executive; and

156 [(B)] (2) County Council;

157 [(2)] (b) the following public employees:

158 [(A)] (1) Chief Administrative Officer and any Deputy or

159 Assistant Chief Administrative Officer;

160 [(B)] (2) special assistants to the County Executive;

- 161 [(C)] (3) director and deputy director of each department,
162 principal office, and office in the County government;
- 163 [(D) any officer holding a position designated by law as a non-
164 merit position;]
- 165 (4) each Hearing Examiner in the Office of Zoning and
166 Administrative Hearings;
- 167 [(E)] (5) members of the County Board of Appeals;
- 168 [(F) members of the Commission; and]
- 169 (6) each member of the Fire and Emergency Services
170 Commission, Board of License Commissioners, Revenue
171 Authority, and Housing Opportunities Commission;
- 172 [(G)] (7) members of the Merit System Protection Board;
- 173 (8) the Council Administrator and the Deputy Council
174 Administrator, if any;
- 175 (9) each Senior Legislative Analyst, Legislative Analyst,
176 Senior Legislative Attorney, and Legislative Attorney for
177 the County Council;
- 178 (10) the Legislative Information Officer for the County
179 Council;
- 180 (11) each Senior Legislative Analyst and Legislative Analyst in
181 the Office of Legislative Oversight;
- 182 (12) each Legislative Senior Aide III for the County Council;
- 183 (13) the Inspector General;
- 184 [(3)] (14) any person who is appointed to serve in an acting
185 capacity in any position listed in the preceding paragraphs
186 while the position is vacant; and

187 (c) the following public employees, if not already required to file under this
188 Section:

189 (1) any employee in the Management Leadership Service;

190 (2) any paid member of any board, commission, or committee of
191 County government, and any other member of a board,
192 commission, or committee of County government who the Chief
193 Administrative Officer designates; and

194 (3) any other public employee in the Executive branch of County
195 government designated by the Chief Administrative Officer, and
196 any public employee in the legislative branch of County
197 government designated by the Council Administrator.

198 [(4) any other public employee in the Executive branch, or in the
199 Revenue Authority, Board of License Commissioners, or
200 Housing Opportunities Commission, including any person listed
201 in subsection (b), who the County Executive designates by
202 regulation issued under method (2) after finding that filing a
203 public financial disclosure statement will promote trust and
204 confidence in County government;]

205 [(5) any other public employee in the legislative branch including the
206 County Board of Appeals, and in the Merit System Protection
207 Board, including any person listed in subsection (b), who the
208 Council designates by resolution after finding that filing a public
209 financial disclosure statement will promote trust and confidence
210 in County government; and]

211 [(6) the members of a board, commission, committee, or similar body
212 in the Executive branch, or of the Revenue Authority, Board of
213 License Commissioners, or Housing Opportunities Commission,

214 which the County Executive designates by regulation issued
 215 under Method (2) or any public employee in the legislative
 216 branch, including the County Board of Appeals, and in the Merit
 217 System Protection Board, who the Council designates by
 218 resolution, after finding that filing a limited public financial
 219 disclosure statement will promote trust and confidence in County
 220 government. The financial disclosure required under this
 221 paragraph must be limited to information concerning any
 222 economic interest or gift that may create a conflict between the
 223 employee or member's personal interests and official duties. The
 224 Commission must adopt a regulation specifying the information
 225 that must be disclosed. A public employee who files a limited
 226 public financial disclosure statement under this paragraph must
 227 also file a confidential financial disclosure statement if required
 228 to do so under subsection (b). A public employee need not file a
 229 limited public financial disclosure statement under this paragraph
 230 if the employee already is required to file a public financial
 231 disclosure statement.]

232 [(b) The following persons must file a confidential financial disclosure
 233 statement under oath:

- 234 (1) Assistant Chief Administrative Officers;
- 235 (2) attorneys in the Office of the County Attorney;
- 236 (3) Hearing Examiners;
- 237 (4) Members of the Fire and Emergency Services Commission;
- 238 (5) paid members of any board, commission, committee, or authority
 239 of County government, including members of the Board of

240 License Commissioners, the Revenue Authority, and the Housing
 241 Opportunities Commission;

242 (6) any public employee in the Executive branch, or in the Revenue
 243 Authority, Board of License Commissioners, or Housing
 244 Opportunities Commission, who the County Executive designates
 245 by regulation issued under method (2) after finding that filing a
 246 confidential financial disclosure statement will promote trust and
 247 confidence in County government; and

248 (7) any public employee in the legislative branch including the
 249 County Board of Appeals, and in the Merit System Protection
 250 Board, who the Council designates by resolution after finding
 251 that filing a confidential financial disclosure statement will
 252 promote trust and confidence in County government.]

253 [(c)] (d) In designating other public employees to file [public or confidential]
 254 financial disclosure statements [under subsection (a)(4) or (b)(6)], the
 255 [Executive should] Chief Administrative Officer and Council
 256 Administrator respectively must include those employees [who have
 257 substantial responsibility for one or more of the following functions]
 258 whose duties and responsibilities are likely to substantially affect private
 259 interests and require significant participation through decision or the
 260 exercise of significant judgment, and without substantial supervision
 261 and review, in taking a government action regarding:

- 262 (1) contracting or procurement;
- 263 (2) administering grants or subsidies;
- 264 (3) land use, planning and zoning;
- 265 (4) regulating, licensing, or inspecting any business;
- 266 (5) other decisions with significant economic impact; and

- 267 (6) law enforcement[; and
 268 (7) controlling access to confidential information].
 269 [(d) The Executive and Council, respectively, must annually review the list
 270 of employees designated under subsections (a)(4), (a)(5), (a)(6), (b)(7),
 271 and (b)(8) for compliance with the purposes of this Article.]

272 **19A-18. Financial disclosure statement; procedures.**

273 [(a) (1) Each public employee required to file a public financial
 274 disclosure statement under subsection 19A-17(a) must file the
 275 statement under oath by April 15 of each year for the previous
 276 year.

277 (2) Any person nominated by the County Executive to hold any
 278 office listed in paragraph 19A-17(a)(2) must file the statement
 279 before the Council confirms the appointment.

280 (3) If the Council makes an appointment to any office listed in
 281 paragraph 19A-17(a)(2), the applicant must file the statement as
 282 part of the application for the position.]

283 [(b) Unless a statement has been filed under subsection (a), each candidate
 284 for an office listed in paragraph 19A-17(a)(1) must file with the Board
 285 of Supervisors of Elections a financial disclosure statement under oath
 286 for the year before the year in which the certificate of candidacy is filed.
 287 The statement must be filed with the certificate of candidacy.]

288 [(c) If a certificate of candidacy is filed before January 1 of the year in
 289 which the election is held, the candidate must file a supplemental
 290 financial disclosure statement under oath for the year before the year in
 291 which the election is held. The supplemental statement must be filed
 292 with the Board of Supervisors of Elections on or before the last day to
 293 withdraw a candidacy. The Board of Supervisors of Elections must

294 notify each candidate of this obligation to file a supplemental financial
 295 disclosure statement at least 20 days before the last day to withdraw a
 296 candidacy. If the candidate fails to file a timely supplemental statement,
 297 the candidacy is withdrawn.]

298 [(d) The Board of Supervisors of Elections must not accept a certificate of
 299 candidacy or certificate of nomination unless a financial disclosure
 300 statement in proper form has been filed. Within 30 days after receiving
 301 a statement, the Board must forward the statement to the Commission to
 302 be retained under this Chapter.]

303 [(e) (1) (A) Any person required to file under subsection 19A-17(b)
 304 must file a financial disclosure statement under oath with
 305 each director of a County agency with which the person
 306 was affiliated during the reporting period. Any person
 307 required to file under subsection 19A-17(b) who is not
 308 supervised by a director must file a financial disclosure
 309 statement under oath with the Chief Administrative
 310 Officer.

311 (B) The statement must be filed by April 15 for the previous
 312 year.

313 (C) The director or the Chief Administrative Officer must
 314 review the statement to see if:

315 (i) the answers are complete;

316 (ii) there is any conflict of interest with the person's
 317 official duties; and

318 (iii) there is any potential conflict of interest.

319 (D) The Chief Administrative Officer may designate the head
 320 of a County agency to review a statement. A director of a

321 County agency or the Chief Administrative Officer may
322 designate the deputy director of the agency or the chief of a
323 division of the agency to review a statement. The
324 designator must inform the Commission of the delegation.
325 The designee is subject to the same rules of confidentiality
326 as the designator.

327 (2) After certifying that each part of the statement has been
328 completed and that, on the basis of the information reported,
329 there is no conflict of interest or potential conflict of interest with
330 the filer's official duties, the agency director or Chief
331 Administrative Officer must forward the statement to the
332 Commission within 30 days after receiving it. The agency
333 director or the Chief Administrative Officer may retain a copy of
334 the statement for one year after forwarding it to the Commission.
335 If asked by an agency director, the Chief Administrative Officer,
336 the County Executive, a Council member, or the filer of the
337 statement, the Commission must review any statement within 120
338 days after receiving it.

339 (3) The Commission, the Chief Administrative Officer, the County
340 Executive, a member of the County Council, the County
341 Attorney, the Director of the Office of Legislative Oversight, the
342 filer of the statement, or their designees, may review a statement
343 at any time. A designee must be appointed in writing and is
344 subject to the same rules of confidentiality as the designating
345 party.

346 (4) Any confidential financial disclosure statement filed under this
347 Chapter must not be made available to the public for

348 examination. The Commission must retain each statement for 6
349 years. After the 6-year period expires, the Commission must
350 destroy each statement unless the Commission determines that
351 the statement is needed to resolve an investigation or complaint.]

352 [(f) Each public employee required to file an annual financial disclosure
353 statement under Section 19A-17 must also file a financial disclosure
354 statement:

355 (1) within 15 days after the employee begins employment in a
356 position covered by Section 19A-17, covering the current
357 calendar year up to the date of filing and, unless the employee has
358 already filed a statement for the previous year, the previous
359 calendar year; and

360 (2) before the employee leaves a position covered by Section 19A-
361 17, unless the employee has taken another position covered by
362 Section 19A-17. The Director of Finance must not issue an
363 employee's final paycheck until the employee has filed a
364 statement required by this paragraph. Any statement filed under
365 this paragraph must be treated and reviewed as if it were an
366 annual statement, except that it need only report on the period
367 after the employee's last previous annual statement, if any.]

368 [(g) The Commission must make available each statement filed under
369 subsection 19A-17(a) for examination and copying during normal office
370 hours. The Commission may charge reasonable fees and adopt
371 procedures for examining and copying statements.]

372 [(h) The Commission must provide forms for filing financial disclosure
373 statements. Forms should be made available no later than January 1
374 each year.]

- 375 [(i) A person must not use any financial disclosure statement required under
376 this Chapter for commercial purposes.]
- 377 [(j) A financial disclosure statement is filed under oath if the person signs a
378 declaration that the financial disclosure statement is made under the
379 penalties of perjury.]
- 380 (a) Each public employee required to file a public financial disclosure
381 statement under Section 19A-17 must file a financial disclosure
382 statement in the system established by the Chief Administrative Officer
383 under subsection (h):
- 384 (1) by April 15 of each year if that person was a filer at the end of the
385 previous calendar year, covering the year just ended;
- 386 (2) within 15 days after a public employee begins employment in a
387 position covered by Section 19A-17, covering the prior year and
388 the current year up to the date of filing;
- 389 (3) before an employee leaves a position covered by Section 19A-17,
390 unless the employee has taken another position covered by
391 Section 19A-17. The Director of Finance must not issue an
392 employee's final paycheck until the employee has filed a
393 statement required by this paragraph. Any statement filed under
394 this paragraph must cover the period since the employee's last
395 filed statement;
- 396 (4) before the Council confirms the appointment of any person
397 nominated by the County Executive to hold any office listed in
398 subsection 19A-17(b), covering the prior year and the current
399 year up to the date of filing. Any person required to file a report
400 under this paragraph need not file a report under paragraph (2)

401 unless 90 days has passed since the filing of the report under this
402 paragraph; and

403 (5) as part of the application for a Council-appointed office listed in
404 subsection 19A-17(b), covering the prior year and the current
405 year up to the date of filing. Any person required to file a report
406 under this paragraph need not file a report under paragraph (2)
407 unless 90 days has passed since the filing of the report under this
408 paragraph.

409 (b) Each candidate for an office listed in subsection 19A-17(a) must file
410 with the County Board of Elections a financial disclosure statement
411 covering the prior year and the current year up to the date of filing the
412 candidate's certificate of candidacy. The statement must be filed with
413 the certificate of candidacy or certificate of nomination. The County
414 Board of Elections must not accept a certificate of candidacy or
415 certificate of nomination unless a financial disclosure statement in
416 proper form has been filed. If a statement has been filed under
417 subsection (a), then the statement required by this subsection need only
418 cover the current year up to the date of filing the certificate of candidacy
419 or nomination.

420 (c) If at the end of a calendar year in which a candidacy is pending and no
421 election has occurred, the candidate must file a financial disclosure
422 statement with the County Board of Elections covering the year just
423 ended. The statement must be filed on or before the last day to
424 withdraw a candidacy. The County Board of Elections must notify each
425 candidate of this obligation to file the financial disclosure statement at
426 least 20 days before the last day to withdraw a candidacy. If the

427 candidate does not file a timely statement under this subparagraph, the
428 candidacy is withdrawn by operation of law.

429 (d) The County Board of Elections must not accept a certificate of
430 candidacy or certificate of nomination unless the candidate has filed a
431 financial disclosure statement in proper form.

432 (e) (1) (A) Any person, other than a candidate for elective office, who
433 is required to file under Section 19A-17, must file a
434 financial disclosure statement in an electronic system set
435 up to receive and administer financial disclosure reports.
436 The filer must certify that each statement was made to the
437 best of the filer's knowledge and belief.

438 (B) The Chief Administrative Officer must review each
439 statement for filers in the Executive Branch, and the
440 Council Administrator must review each statement for
441 each filer in the Legislative Branch, to see if:

442 (i) the answers are complete; and

443 (ii) there are conflicts or potential conflict of interests
444 with the filer's official duties.

445 (C) For each filer who is an incumbent under Section 19A-
446 17(a), the Chief Administrative Officer must review each
447 statement for the position of County Executive and the
448 Council Administrator must review each statement for
449 each member of the County Council.

450 (D) For departments and offices in the Executive Branch, the
451 Chief Administrative Officer may designate the head of a
452 department or office to review a statement. For offices of
453 the Legislative Branch, the Council Administrator may

454 designate the head of an office to review a statement. A
 455 director of a County department or office or the Chief
 456 Administrative Officer or the Council Administrator, as
 457 appropriate, may designate the deputy director of the
 458 department or the chief of a division to review a statement.
 459 Each designation must be reported to the Chief
 460 Administrative Officer or the Council Administrator, as
 461 appropriate, and to the Commission. The reviewer may
 462 seek the advice of public employees familiar with the
 463 filer's official responsibilities, including the filer's
 464 supervisor, in evaluating the report under subparagraph
 465 (B).

466 (2) Each reviewer must certify within 30 days that the statement has
 467 been completed and, on the basis of the information reported,
 468 there is no conflict of interest or potential conflict of interest with
 469 the filer's official duties. If a reviewer cannot so certify or has
 470 identified a conflict of interest or potential conflict of interest, the
 471 reviewer must immediately notify the Commission and the Chief
 472 Administrative Officer for an employee of the Executive Branch
 473 and the Council Administrator for an employee of the legislative
 474 branch that the reviewer is unable to certify the statement.

475 (f) The Commission must make available each statement filed under this
 476 Article for examination and copying during normal office hours. The
 477 Commission may charge reasonable fees and adopt procedures to
 478 examine and copy statements.

- 479 (g) The Commission must make available the electronic form for filing
480 annual financial disclosure statements by the first business day of each
481 calendar year.
- 482 (h) The Chief Administrative Officer must establish and maintain an
483 electronic system to facilitate filing of and public access to financial
484 disclosure statements required under this Article. Any electronic system
485 must report, current to within one business day, an accurate list of each
486 public employee required to file a statement under Section 19A-17,
487 whether the employee is required to file under subsections 19A-17(a),
488 (b), or (c), and include the employee's position, necessary contact
489 information, the reviewer, and whether the report is an initial, annual, or
490 final report. This list must be current and correspond to personnel
491 records and records of memberships in boards, committees and
492 commissions. Any electronic system must be able to generate reports
493 upon request of the Chief Administrative Officer, the Council
494 Administrator, or the Commission detailing who is required to file and
495 the current state of compliance by public employees with financial
496 disclosure filing and review requirements under this Article. The
497 County Executive must annually, or more frequently as requested,
498 provide the list of employees designated to file financial disclosure
499 reports to the Council. The Commission must make all necessary
500 accommodations for any person who does not have access to the
501 electronic system.
- 502 (i) A person must not use any financial disclosure statement required under
503 this Chapter for commercial purposes.
- 504 (j) The Commission must retain each financial disclosure statement filed
505 under this Article for 4 years. For each filer filing under subsection

506 19A-17(a), the retention period must be at least 6 years, after which
 507 each record must be archived.

508 **19A-19. Content of financial disclosure statement.**

509 [The financial disclosure statement required under Section 19A-17 must
 510 disclose the following information about the filer for the previous year:]

511 [(a) all economic interests in any real property, including leasehold interests
 512 and interests in oil, gas, or mineral royalties or leases, if the property is
 513 located in Montgomery County, Prince George's County, Howard
 514 County, or Frederick County, Maryland; the District of Columbia; or
 515 Fairfax County or Loudoun County, Virginia. The filer must specify:

- 516 (1) the nature of each property, and its location by street address,
 517 mailing address, or legal description;
- 518 (2) the nature and extent of the interest held, and any applicable
 519 conditions and encumbrances;
- 520 (3) how, when, and from whom the interest was acquired;
- 521 (4) the nature and amount of the consideration given in exchange for
 522 the interest. If the interest was not acquired by purchase, the filer
 523 must provide the fair market value of the interest when it was
 524 acquired;
- 525 (5) if an interest was transferred during the previous year:
 - 526 (A) the interest transferred;
 - 527 (B) the nature and amount of the consideration received; and
 - 528 (C) to whom the interest was transferred; and
- 529 (6) the name of any other person with an interest in the property;]

530 [(b) all economic interests in any business. In this subsection, business does
 531 not include an agency or instrumentality of federal, state, County, or
 532 local government. The filer must specify:

- 533 (1) the name of the business. If the business is a corporation, the filer
 534 must list the stock exchange (if any) on which the corporation's
 535 securities are traded and the corporation's trading symbol. If
 536 securities of the business are not publicly traded, the filer must
 537 list the address of the business' principal office;
- 538 (2) the nature and value of the interest held, and any applicable
 539 conditions and encumbrances. The filer must specify what
 540 percentage of the business the filer owns, if the filer knows the
 541 percentage; and
- 542 (3) if an interest was acquired or transferred during the previous year,
 543 the filer must describe the interest acquired or transferred, the
 544 nature and amount of the consideration and, if known, the name
 545 of the other person or business in the transaction;]
- 546 [(c) each source of income from an economic interest that is not disclosed
 547 elsewhere, from which the filer received or was entitled to receive \$500
 548 or more during the previous year. The filer must specify:
- 549 (1) the name, and the address of the principal office or residence, of
 550 the source;
- 551 (2) the type of income; and
- 552 (3) the amount of income by category:
- 553 (A) \$500 to \$5,000; or
- 554 (B) over \$5,000.
- 555 (4) (A) If the source and the filer have a confidential relationship,
 556 the filer need not report the information required under
 557 paragraph (1) unless the source:

- 558 (i) is registered or must register as a lobbyist on a
 559 matter that is or could be considered by the County
 560 agency with which the filer is affiliated;
 561 (ii) does business with the County agency with which
 562 the filer is affiliated;
 563 (iii) owns or operates a business that is regulated by the
 564 County agency with which the filer is affiliated; or
 565 (iv) has an economic interest that is different from the
 566 public interest, which the filer may substantially
 567 affect in performing the filer's official duties.
- 568 (B) The Commission must designate only one person to review
 569 this information. If the reviewer finds a reasonable basis to
 570 believe that a violation of this Chapter, or Sections 2-109,
 571 11B-51 or 11B-52(a), has occurred, the entire Commission
 572 may review the information.
- 573 (C) Confidential relationship means a relationship between
 574 two persons that creates a privilege against testifying under
 575 state law;]
- 576 [(d) (1) each gift given to the filer, to a member of the filer's immediate
 577 family, or to any other person at the filer's direction, during the
 578 previous year if the donor of the gift:
- 579 (A) is registered, or must register, as a lobbyist on a matter that
 580 is or could be considered by the County agency with which
 581 the filer is affiliated;
 582 (B) does business with the County agency with which the filer
 583 is affiliated; or

- 584 (C) owns or operates a business that is regulated by the County
 585 agency with which the filer is affiliated.
- 586 (2) The filer must specify:
- 587 (A) the nature of each gift;
- 588 (B) the value of each gift by category:
- 589 (i) \$50 or under;
- 590 (ii) \$51 to \$100;
- 591 (iii) \$101 to \$500; or
- 592 (iv) over \$500; and
- 593 (C) the person who gave the gift or directed, either directly or
 594 indirectly, that the gift be given.
- 595 (3) The filer need not report the following gifts on any part of the
 596 financial disclosure statement:
- 597 (A) a gift to the filer with a value of less than \$50, unless the
 598 same person gave the filer, members of the filer's
 599 immediate family, another person at the filer's direction, or
 600 any combination of them, gifts totaling more than \$100
 601 during the previous year;
- 602 (B) a gift to a member of the filer's immediate family with a
 603 value of less than \$100, unless the same person gave the
 604 filer, members of the filer's immediate family, another
 605 person at the filer's direction, or any combination of them,
 606 gifts totaling more than \$100 during the previous year;
- 607 (C) a gift received under Section 19A-16(d)(5), unless the gift
 608 is admission to a cultural or sports event valued at \$50 or
 609 more;

610 (D) a gift from a relative of the filer, or a gift to a relative by
 611 the filer, unless:

612 (i) the value of all gifts from the same relative exceeds
 613 \$100, and

614 (ii) the relative:
 615 (a) is registered, or must register, as a lobbyist on
 616 a matter that is or could be considered by the
 617 County agency with which the filer is
 618 affiliated;

619 (b) does business with the County agency with
 620 which the filer is affiliated; or

621 (c) owns or operates a business that is regulated
 622 by the County agency with which the filer is
 623 affiliated; or

624 (E) a political contribution governed by state law;]

625 [(e) (1) all offices, including any directorship, trusteeship, or partnership,
 626 held at any time during the previous year in any business that:

627 (A) is doing business with or is regulated by a County agency;

628 (B) has an office in the County; or

629 (C) to the filer's knowledge, has an interest in real property
 630 located in the County.

631 (2) The filer must specify:

632 (A) the name, and the address of the principal office, of each
 633 business; and

634 (B) the title and nature of each office;]

635 [(f) all liabilities over \$500 owed at any time during the previous year by the
 636 filer, except a debt owed to a relative. The filer need not report any debt

637 less than \$5000 owed on a consumer credit card account. The filer need
 638 not report a debt over \$5000 owed on a consumer credit card account
 639 unless the debt is owed for more than 90 days. A consumer credit card
 640 account is an open-ended credit card account used to obtain money,
 641 property, or services for personal, family, or household purposes. The
 642 filer must specify:

- 643 (1) to whom the liability is owed;
- 644 (2) the amount owed at the end of the year;
- 645 (3) the terms of payment of the liability;
- 646 (4) how much the principal amount of the liability increased or
 647 decreased during the year; and
- 648 (5) any security given for the liability;]

649 [(g) all debts over \$500 owed to the filer at any time during the previous
 650 year, except a debt owed by a relative. The filer must specify:

- 651 (1) the debtor;
- 652 (2) the amount of the debt at the end of the year;
- 653 (3) the terms of payment of the debt;
- 654 (4) how much the principal amount of the debt increased or
 655 decreased during the year; and
- 656 (5) any security given for the debt;]

657 [(h) a list of all members of the filer's immediate family who are employed
 658 in any capacity by a County agency; and]

659 [(i) any other interest or information that the filer wants to disclose to carry
 660 out the purposes of this Chapter.]

661 [(j) If the filer is required to file under paragraph 19A-17(a)(1), the filer
 662 must list the amount and issuer of each bond or other security owned
 663 during the previous year that was issued by the County, any bi-county

664 agency with jurisdiction in the County, and any city or town in the
 665 County.]

666 [(k) If the filer is required to identify any person or business, the filer must
 667 designate, if known, whether that person or business has done business
 668 or expects to do business with, or is regulated by, a County agency.]

669 [(l) In this Section and Section 19A-20, interest means any interest held at
 670 any time during the previous year.]

671 [(m) If a filer is required to report any amount or value, including the value
 672 of any property, under this Section, except subsections (c) and (d), the
 673 filer may specify the amount or value by category:

- 674 (1) \$1000 or less;
- 675 (2) over \$1000.]

676 (a) Each financial disclosure statement filed under Section 19A-17(a) must
 677 disclose the following:

678 (1) *Interests in real property.*

679 (A) The statement must identify each interest in real property,
 680 regardless of the property's location.

681 (B) For each interest in real property, the statement must
 682 include:

683 (i) the nature of the property, and the location by street
 684 address, mailing address, or legal description of the
 685 property;

686 (ii) the nature and extent of the interest held, including
 687 any condition or encumbrance on the interest;

688 (iii) the date when, the manner in which, and the identity
 689 of the person from whom the interest was acquired;

- 690 (iv) the nature and amount of the consideration given in
 691 exchange for the interest or, if the interest was
 692 acquired other than by purchase, the fair market
 693 value of the interest when it was acquired;
 694 (v) if any interest was transferred, in whole or in part, at
 695 any time during the reporting period, a description
 696 of the interest transferred, the nature and amount of
 697 the consideration received for the interest, and the
 698 identity of each person to whom the interest was
 699 transferred; and
 700 (vi) the identity of any other person with an interest in
 701 the property.

702 (2) Interests in corporations, partnerships or other businesses.

- 703 (A) The statement must list each interest in any corporation,
 704 partnership, limited liability partnership, limited liability
 705 corporation, sole proprietorship, or other business.
 706 (B) For each interest reported, the statement must specify:
 707 (i) the name and, unless the interest is traded publicly
 708 on a national exchange, the address of the principal
 709 office of the corporation, partnership, limited
 710 liability partnership, limited liability corporation,
 711 sole proprietorship, or other business;
 712 (ii) the nature and amount of the interest held, including
 713 any condition or encumbrance on the interest;
 714 (iii) for any interest transferred, in whole or in part, at
 715 any time during the reporting period, a description
 716 of the interest transferred, the nature and amount of

717 the consideration received for the interest, and, if
718 known, the identity of the person to whom the
719 interest was transferred; and

720 (iv) for any interest acquired during the reporting period:

721 (1) the date when, the manner in which, and the
722 identity of the person from whom the interest
723 was acquired; and

724 (2) the nature and amount of the consideration
725 given in exchange for the interest or, if the
726 interest was acquired other than by purchase,
727 the fair market value of the interest when it
728 was acquired.

729 (C) A filer may satisfy the requirement to report the amount of
730 the interest held under subparagraph (B)(ii) by reporting,
731 instead of a dollar amount:

732 (i) for an equity interest in a corporation, the number of
733 shares held and, unless the corporation's stock is
734 publicly traded, the percentage of equity interest
735 held; or

736 (ii) for an equity interest in a partnership, the percentage
737 of equity interest held.

738 (D) For purposes of subparagraph (B)(i), the filer need not
739 report the address of any publicly held company.

740 (3) Gifts.

741 (A) The statement must list each gift valued at more than \$20
742 or any series of gifts totaling \$100 or more received during
743 the reporting period from or on behalf of, directly or

744 indirectly, any one person who does business with the
745 County.

746 (B) For each gift listed, the statement must specify:

747 (i) the nature and value of the gift; and

748 (ii) the identity of the person from whom, or on behalf
749 of whom, directly or indirectly, the gift was
750 received.

751 (4) Employment with, or interests in, entities doing business with the
752 County.

753 (A) The statement must identify each office, directorship, and
754 salaried employment by the filer or member of the filer's
755 immediate family held at any time during the reporting
756 period with any entity doing business with the County.

757 (B) For each position listed under this Section, the statement
758 must include:

759 (i) the name and address of the principal office of the
760 business entity;

761 (ii) the title and nature of the office, directorship, or
762 salaried employment held, and the date it started;
763 and

764 (iii) the name of each County agency with which the
765 entity is involved, indicated by identifying one or
766 more of the three categories of "doing business", as
767 defined in Section 19A-4(e).

768 (5) Indebtedness to entities doing business with the County.

769 (A) The statement must identify each liability, other than a
770 retail credit account, to any person doing business with the
771 County owed at any time during the reporting period by:

772 (i) the filer; or
773 (ii) a member of the filer's immediate family if the filer
774 was involved in the transaction giving rise to the
775 liability.

776 (B) For each liability reported under this paragraph, the
777 statement must specify:

778 (i) the identity of the person to whom the liability was
779 owed, and the date the liability was incurred;

780 (ii) the amount of the liability owed at the end of the
781 reporting period;

782 (iii) the terms of payment of the liability, and the extent
783 to which the principal amount of the liability was
784 increased or reduced during the year; and

785 (iv) the security, if any, given for the liability.

786 (6) Employment with the County. The statement must identify each
787 immediate family member of the filer employed by the County in
788 any capacity at any time during the reporting period.

789 (7) Sources of earned income.

790 (A) The statement must list the name and address of each
791 employer of the filer, other than the County Government,
792 and each business entity of which the filer or a member of
793 the filer's immediate family was a sole or partial owner
794 and from which the filer or member of the filer's
795 immediate family received earned income at any time

796 during the reporting period. The statement must include
797 the source of each fee for services provided by the filer
798 during the reporting period. However, a filer need not
799 include any information with respect to any person for
800 whom services were provided by any firm or association of
801 which the filer was a member, partner, or employee unless
802 the filer was directly involved in providing those services.

803 (B) The filer need not disclose a minor child's employment or
804 business ownership if the agency that employs the filer
805 does not regulate, exercise authority over, or contract with
806 the place of employment or business entity of the minor
807 child.

808 (C) If a source of earned income and the filer have a
809 confidential relationship which creates a privilege against
810 testifying under state law, the filer need not report the
811 identity of the source unless the source:

- 812 (i) is registered or must register as a lobbyist on a
813 matter that is or could be considered by the County
814 agency with which the filer is affiliated;
- 815 (ii) does business with the County agency with which
816 the filer is affiliated;
- 817 (iii) owns or operates a business that is regulated by the
818 County agency with which the filer is affiliated; or
- 819 (iv) has an economic interest that is different from the
820 public interest, which the filer may substantially
821 affect in performing the filer's official duties, in
822 which case the identity of the source must be

823 disclosed confidentially to the Commission in a
 824 manner prescribed by the Commission.

825 (8) The statement may also include any additional interest or
 826 information that the filer wishes to disclose.

827 (b) For the purposes of subsections (a)(1) and (a)(2), the following interests
 828 must be treated as the interests of the filer of the statement:

829 (1) an interest held by a member of the filer's immediate family if
 830 the filer, at any time during the reporting period, directly or
 831 indirectly controlled the interest;

832 (2) an interest held by a business entity in which the filer held a 30%
 833 or greater interest at any time during the reporting period; or

834 (3) an interest held by a trust or estate in which, at any time during
 835 the reporting period:

836 (A) the filer held a reversionary interest or was a beneficiary;
 837 or

838 (B) if a revocable trust, the filer was a settlor.

839 (c) Each statement filed under Section 19A-17(b) must disclose all
 840 information required to be disclosed under subsection (a). However, the
 841 filer need not specify the nature or amount of consideration given in
 842 exchange for an interest or the fair market value of an interest. For a
 843 debt, the filer need only disclose the information required under
 844 subsection (a)(5)(A).

845 (d) Each statement filed under Section 19A-17(c) must disclose the
 846 information required in subsection (a)(3) with respect to gifts and must
 847 disclose the information otherwise required in subsection (a) only with
 848 respect to any interest, compensated position, or liability that may create
 849 a conflict under Section 19A-11 or is prohibited under Section 19A-12.

850 **[19A-20. Interests attributable to filers.]**

851 [Under section 19A-19, the following must be reported as an economic interest
852 of the filer:

853 (a) any economic interest held by a member of the filer's immediate family;

854 (b) any economic interest held by a relative of the filer, if:

855 (1) the interest was controlled by the filer, directly or indirectly, at
856 any time during the previous year; and

857 (2) the interest could be affected by an action or a failure to act by
858 the filer in the performance of official duties;

859 (c) any economic interest in real property held by a business in which the
860 filer owns an interest, if the property is located in Montgomery County,
861 Prince George's County, Howard County, or Frederick County,
862 Maryland; the District of Columbia; or Fairfax County or Loudoun
863 County, Virginia; and if the filer's prorated interest in the real property
864 has a market value of more than \$1,000. If the securities of the business
865 are publicly traded, the filer need not report the interest in the real
866 property; and

867 (d) any economic interest held by a trust, except a common trust fund, if the
868 filer:

869 (1) holds an income interest of more than \$1,000;

870 (2) holds a reversionary interest of more than \$1,000; or

871 (3) is a trustor or beneficiary of a revocable trust.]

872 **19A-20. Certifications regarding conflicts of interest.**

873 (a) In addition to any other requirement of this Article, each person who
874 files a financial disclosure statement under Section 19A-17 must certify
875 that, to the best of the filer's knowledge, neither the filer nor the filer's
876 immediate family or relatives have any interest, including any liability,

877 that may create a conflict of interest under Section 19A-11 or 19A-12.
878 If a filer is unable to so certify, the filer must separately identify, in the
879 manner required by the Commission, any interest that may create a
880 conflict of interest under Section 19A-11 or 19A-12.

881 (b) The annual certification filed under subsection (a) must be filed by April
882 15 of each year with the filer’s financial disclosure statement.

883 (c) If the economic interests of a filer, including those of an immediate
884 family member or relative, have changed since the filer’s last filed
885 certification such that a conflict of interest may be created under Section
886 19A-11 or 19A-12, or if the filer or an immediate family member
887 received a reportable gift from any person doing business with the
888 filer’s County agency or department, the filer must, within 5 days after
889 the event, amend the certification filed under subsection (a) and identify
890 each possible conflict or gift.

891 *Approved:*

892 _____
Craig L. Rice, President, County Council Date

893 *Approved:*

894 _____
Isiah Leggett, County Executive Date

895 *This is a correct copy of Council action.*

896 _____
Linda M. Lauer, Clerk of the Council Date

LEGISLATIVE REQUEST REPORT

Bill 39-14
Ethics - Amendments

DESCRIPTION: Bill 39-14 would revise certain provisions of the County ethics law governing financial disclosure and solicitation and acceptance of gifts to meet certain requirements of state law.

PROBLEM: County law should be updated to conform to state law.

GOALS AND OBJECTIVES: To conform County law to State law.

COORDINATION: Ethics Commission

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

EXPERIENCE ELSEWHERE: To be researched.

SOURCE OF INFORMATION: Mike Faden, Senior Legislative Attorney, 240-777-7905

APPLICATION WITHIN MUNICIPALITIES: To be researched.

PENALTIES: A violation of Chapter 19A is a Class A violation.

GOVT

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BD



MONTGOMERY COUNTY ETHICS COMMISSION

Kenita V. Barrow
Chair

Mark L. Greenblatt
Vice Chair

April 11, 2014

Craig Rice
Council President
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Isiah Leggett
County Executive
Montgomery County
Executive Office Building
101 Monroe Street, 2nd Floor
Rockville, MD 20850

2014 APR 11 PM 1:45
RECEIVED
MONTGOMERY COUNTY
GOVERNMENT

RE: Ethics Commission Legislative Proposal

Dear Mr. Council President and Mr. County Executive:

The Montgomery County Ethics Commission (MCEC) proposes changes to the Montgomery County Public Ethics Law to align the County's law with Maryland State law requirements on gifts and financial disclosure. The proposal also includes provisions that the MCEC believes appropriate for providing assurance that County employees do not have conflicts of interest in the performance of their duties. The proposals are attached.

The State's Public Ethics Law requires local governments to enact laws similar to the State's for their respective jurisdictions. Prior to 2010, Montgomery County's Ethics Law had been considered to be compliant with the State requirement of similarity. In 2010, the State Ethics Law was amended to further mandate that as to elected local officials, local governments' laws must be equivalent to or exceed the requirements of State law with respect to conflict of interest and financial disclosure provisions. Moreover, the 2010 amendments required each local ethics commission to annually

Montgomery County Ethics Commission

100 Maryland Avenue, Room 204, Rockville, MD 20850
OFFICE 240-777-6670, FAX 240-777-6672

certify that their respective local laws are in compliance with the State's requirements with regard to elected officials. The State Ethics Commission staff has communicated that in light of the 2010 law and other factors, including a Court case finding a local jurisdiction's laws not sufficiently similar to the State's law, the State Ethics Commission's view on what constitutes "similar" has narrowed since the time the State Commission viewed Montgomery County's law as meeting the similarity requirement.

The State law requirements for local ethics laws include:

15-804. Conflict of interest laws.

(a) *In general.* — Except as provided in subsection (b) of this section, the conflict of interest provisions enacted by a county or municipal corporation under § 15-803 of this subtitle shall be similar to the provisions of Subtitle 5 of this title, but may be modified to the extent necessary to make the provisions relevant to the prevention of conflicts of interest in that jurisdiction.

(b) *For elected local officials.* — The conflict of interest provisions for elected local officials enacted by a county or municipal corporation under § 15-803 of this subtitle shall be equivalent to or exceed the requirements of Subtitle 5 of this title, but may be modified to the extent necessary to make the provisions relevant to the prevention of conflicts of interest in that jurisdiction.

15-805. Financial disclosure laws.

(b) *Similarity to Ethics Law.* — (1) Except as provided in paragraph (2) of this subsection and subsection (c) of this section, the financial disclosure provisions enacted by a county or municipal corporation under § 15-803 of this subtitle shall be similar to the provisions of Subtitle 6 of this title, but shall be modified to the extent necessary to make the provisions relevant to the prevention of conflicts of interest in that jurisdiction. (2) The financial disclosure provisions for elected local officials enacted by a county or municipal corporation under § 15-803 of this subtitle shall be equivalent to or exceed the requirements of Subtitle 6 of this title, but shall be modified to the extent necessary to make the provisions relevant to the prevention of conflicts of interest in that jurisdiction.

Representatives of the State Ethics Commission have stated that the State Ethics Commission interprets the clauses at the end of these provisions permitting and mandating modifications as meaning that additional requirements can be imposed that exceed the State requirements, but that local requirements under these paragraphs cannot

be different from the State requirements in such a way as to lessen that which is required by State law.¹

In the fall of 2011, MCEC staff began an examination of the differences between the State ethics laws and the County's ethics laws. In April 2012, the MCEC submitted for State Ethics Commission staff review a draft of proposed amendments to the Montgomery County Public Ethics Law. These proposed changes suggested alternatives to the County's current ethics law as it applies to County elected officials. On April 12, 2013, another proposal was forwarded to State Ethics Commission staff. In the fall of 2013, correspondence between the State Ethics Commission staff and MCEC staff resulted in refinement of the MCEC proposal. This proposal has been further refined as a result of further input by the State Ethics Commission and from the Montgomery County Attorney and from the County's Senior Legislative Counsel. A meeting was held on February 24, 2014, in which MCEC staff, State Ethics Commission staff, the County Attorney and Senior Legislative Counsel discussed the then current draft.

At this meeting, State Ethics Commission staff provided general guidance as to what language would be acceptable to the State Ethics Commission. In several instances, the Montgomery County proposal was more specific than State law as to what conduct would be prohibited. The direction from the State Ethics Commission staff was for Montgomery County to follow the State's lead by imposing broad restrictions that could be modified or narrowed in application through interpretation (rather than through exceptions in the law). For example, State law prohibits the solicitation of any gift by an employee. The State recommendation is for Montgomery County to include this broad prohibition in the law, without any exceptions, and through MCEC interpretation of the prohibition, create what caveats make practical sense. County participants in the meeting were concerned that generic provisions would not provide suitable notice of what conduct is being prohibited. Notice of what constitutes a violation is particularly important where violations are sanctioned by civil and criminal penalties.

Given the State Ethics Commission's insistence on provisions being submitted that meet its requirements, the MCEC has decided to accede to the bulk of the State Ethics Commission staff recommendations on what should be contained in the MCEC's proposal for the County's gift and financial disclosure laws. The MCEC fully recognizes that the County's policy makers, in particular, the County Council, may have views that deviate from those of the State Ethics Commission about what is required by State Ethics Law. The MCEC forwards this proposal with a genuine and vested interest in how the County's law is ultimately enacted. But the MCEC, meeting once monthly, cannot be an efficient or appropriate arbiter between the State Ethics Commission and the County

¹ The State Ethics Commission has prepared model local laws, available on its website, which it recommends for counties and municipalities subject to the equivalency and similarity requirements.

Council or County Executive on what should or must be contained in the County's Ethics Law.

Particular Features of Proposed Law Going Beyond State Requirements

The MCEC proposes several significant changes from the current Public Ethics Law and adds provisions that exceed State requirements. The new features mandated by State law include that all financial disclosures be made publicly available and that there be increased disclosure for elected officials, particularly as regards valuation of assets.

- The proposal recommends three levels of disclosure, with elected officials providing, consistent with State law requirements, greater disclosure than non-elected senior County officials who are designated by law as filers. The current designation process for identifying filers is eliminated in favor of a static statutory list of filers being identified. A third tier of filers would be designated as filers without the formal method 2 regulatory process existing under current law who would only identify conflicting holdings and reportable gifts.
- The proposal explicitly imposes on the Chief Administrative Officer a requirement to establish an electronic system for submission and management of financial disclosure reports.
- The proposal includes a requirement to disclose sources of fees for services provided by the filer.
- The proposal requires public employees to certify that to the best of their knowledge, there are no conflicts of interests, or alternatively, to identify the interests that may create a conflict of interest.
- The proposal requires public employees to report to the MCEC within 5 days any new interests that may create a conflict of interest and any reportable gifts.

The MCEC contemplates making future legislative recommendations on other portions of the County's Public Ethics Law and is available for further comment on this proposal.

Sincerely,



Robert W. Cobb
Staff Director/Chief Counsel
Montgomery County Ethics Commission

Attachments

cc: Michael Lord, Executive Director, State Ethics Commission

Montgomery County Ethics Commission

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