

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 619
Finance

(Senator Carter)

**University of Maryland Medical System Corporation - Board of Directors -
Conflicts of Interest, Prestige of Office, and Financial Disclosure**

This bill specifies that a member of the Board of Directors of the University of Maryland Medical System Corporation (UMMSC) may not be employed by or have a financial interest in (1) a business entity subject to the authority of UMMSC or the University System of Maryland (USM) or (2) a business entity that is actively negotiating a contract, has entered into a contract, or is a subcontractor on a contract with UMMSC or USM. In addition, the bill prohibits a member of the board from intentionally using the prestige of office or public position for that member's or another's private gain. A member of the board must file a financial disclosure statement with the State Ethics Commission (SEC), as specified.

Fiscal Summary

State Effect: SEC can handle the bill's requirements with existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

University of Maryland Medical System Corporation

UMMSC is organized for charitable, scientific, and educational purposes. Statute further states that UMMSC is not a State agency, political subdivision, public body, public corporation, or municipal corporation and is not subject to any provisions of law affecting only governmental or public entities. As of the date of transfer from State control (in 1984), UMMSC owns, leases, manages, and operates the University of Maryland Medical System, including any components or health services determined by the board.

UMMSC Board of Directors

The government of UMMSC is vested in the board. The board includes at least 22 and up to 27 voting members appointed by the Governor, 3 of whom are members of the USM Board of Regents; 2 of whom are members of the General Assembly; at least 1 of whom is nominated by the Community Advisory Council from the membership of the Community Advisory Council; and at least 1 of whom has expertise in the hospital field. In addition, the board includes 6 *ex officio* nonvoting members. A member of the board must be a resident of the State.

Section 13-304 of the Education Article authorizes the board to amend its articles of incorporation to add up to 3 voting members who represent an entity that affiliates with UMMSC on or after October 1, 2014. Nominations for additional voting members are made by the board and submitted to the USM Board of Regents for comment and to the Governor for consideration. Any member appointed to the board as a representative of an affiliated entity is appointed by the Governor and designated as an affiliate member. The voting membership of the board may not exceed 30 members.

Members of the board serve staggered four-year terms. Members of the board serve without compensation but are entitled to reimbursement for expenses as provided by the board.

Maryland Public Ethics Law: Financial Disclosure Statements

Under the Maryland Public Ethics Law, most public officials, all State officials, and all candidates for State office must file financial disclosure statements on an annual basis. Generally, this statement must be filed under oath with SEC by April 30 of each year, and it covers the calendar year that precedes the filing. Most employees and officials must disclose (1) interests in real property, corporations, partnerships, and any specified other business entities that do business with the State; (2) gifts more than \$20 in value or a series

of gifts totaling more than \$100 received from a person doing business with the State, or regulated by the State, as specified; (3) various paid and nonpaid offices, directorships, and positions held with any business entity that does business with the State, including those positions held by members of the filer's immediate family; (4) debts, excluding retail credit accounts, owed to an entity doing business with or regulated by the filer's governmental unit; (5) immediate family employed by the State; and (6) places of salaried employment, including secondary employment, and sources of earned income, including the income of immediate family, from rental property, business interests, and other sources, as specified.

"Financial interest," as it applies to the Maryland Public Ethics Law, means (1) ownership of an interest as the result of which the owner has received within the past three years, is currently receiving, or in the future is entitled to receive, more than \$1,000 per year; (2) ownership of more than 3% of a business entity by an official, an employee, or a spouse of an official or employee; or (3) ownership of securities of any kind that represent, or are convertible into, ownership of more than 3% of a business entity by an official, an employee, or the spouse of an official or employee.

"Business entity," as it applies to the Maryland Public Ethics Law, means a person engaged in business, whether profit or nonprofit, regardless of form.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): University of Maryland Medical System; State Ethics Commission; Department of Legislative Services

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an/kdm

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