

SENATE BILL 291

G1, P2

(PRE-FILED)

4lr0355
CF HB 112

By: **Chair, Education, Energy, and the Environment Committee (By Request – Departmental – Secretary of State)**

Requested: September 19, 2023

Introduced and read first time: January 10, 2024

Assigned to: Education, Energy, and the Environment

Committee Report: Favorable

Senate action: Adopted

Read second time: February 8, 2024

CHAPTER _____

1 AN ACT concerning

2 **Persons Doing Public Business – Disclosure Requirements**

3 FOR the purpose of requiring a person to file a registration statement with the State Board
4 of Elections within a certain time period after the award of a contract that causes
5 the person to be doing public business; requiring persons doing public business to
6 update information on beneficial ownership included in the registration statement
7 in accordance with regulations adopted by the State Board; altering the time at
8 which a person doing public business is required to file a certain initial statement of
9 political contributions with the State Board; requiring a governmental entity that
10 has awarded a contract that causes a person to be doing public business to, under
11 certain circumstances, require the person to make a certain certification to the Board
12 of Public Works; repealing requirements that certain businesses with State contracts
13 file a certain list with the Secretary of State; and generally relating to disclosures by
14 persons doing public business.

15 BY repealing and reenacting, without amendments,
16 Article – Election Law
17 Section 14–101(a), (h), and (i) and 14–104(a)
18 Annotated Code of Maryland
19 (2022 Replacement Volume and 2023 Supplement)

20 BY adding to
21 Article – Election Law

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Section 14–101(b–1) and 14–103.1
Annotated Code of Maryland
(2022 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,
Article – Election Law
Section 14–104(b)(1), 14–107, and 14–110(a)
Annotated Code of Maryland
(2022 Replacement Volume and 2023 Supplement)

BY repealing
Article – State Finance and Procurement
Section 13–221
Annotated Code of Maryland
(2021 Replacement Volume and 2023 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Election Law

14–101.

(a) In this title the following words have the meanings indicated.

(B–1) “BENEFICIAL OWNERSHIP” MEANS:

(1) ANY OWNERSHIP INTEREST OF 5% OR MORE IN A BUSINESS;

(2) ANY OWNERSHIP INTEREST OF 5% OR MORE IN ONE OR MORE ENTITIES IN A CHAIN OF PARENT AND SUBSIDIARY ENTITIES, ANY ONE OF WHICH PARTICIPATES IN AT LEAST 5% OF THE CAPITAL OR PROFITS OF A BUSINESS; OR

(3) POSSESSION OF AN INTEREST THAT EXISTS UNDER A CONTRACT, A RELATIONSHIP, AN UNDERSTANDING, OR ANY OTHER ARRANGEMENT AND ENTITLES A PERSON TO BENEFITS SUBSTANTIALLY EQUIVALENT TO AN OWNERSHIP INTEREST OF 5% OR MORE OF A BUSINESS.

(h) (1) “Doing public business” means making or having a single contract with a single governmental entity involving cumulative consideration of at least \$200,000.

(2) “Doing public business” does not include receiving a salary from a governmental entity.

(i) “Governmental entity” means:

(1) the State, a county, a municipal corporation, or other political subdivision of the State; and

(2) a unit of the State, a county, a municipal corporation, or other political subdivision of the State.

14-103.1.

(A) A PERSON SHALL FILE A REGISTRATION STATEMENT WITH THE STATE BOARD WITHIN 15 BUSINESS DAYS AFTER THE AWARD OF A CONTRACT THAT CAUSES THE PERSON TO BE DOING PUBLIC BUSINESS.

(B) THE REGISTRATION STATEMENT SHALL INCLUDE:

(1) THE PERSON'S NAME AND ADDRESS;

(2) ANY RESIDENT AGENT OF THE BUSINESS LOCATED IN THE STATE;

(3) IF KNOWN, EACH PERSON WHO HAS BENEFICIAL OWNERSHIP OF THE BUSINESS ENTITY; AND

(4) ANY OTHER INFORMATION REQUIRED BY THE STATE BOARD.

(C) A PERSON DOING PUBLIC BUSINESS SHALL UPDATE THE INFORMATION ON BENEFICIAL OWNERSHIP INCLUDED IN THE REGISTRATION STATEMENT UNDER SUBSECTION (B) OF THIS SECTION IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE STATE BOARD.

14-104.

(a) A person doing public business shall file a statement with the State Board as provided in this section.

(b) (1) [When a contract is awarded that causes a person to be doing public business, an initial statement shall be filed at that time,] **WITHIN 15 BUSINESS DAYS AFTER FILING THE REGISTRATION STATEMENT REQUIRED UNDER § 14-103.1 OF THIS TITLE, A PERSON DOING PUBLIC BUSINESS SHALL FILE AN INITIAL STATEMENT** covering the preceding 24 months.

14-107.

(a) (1) A governmental entity that has awarded a person a contract that causes the person to be doing public business shall:

(i) require the person to certify that the person has filed the statement required under § 14–104(b)(1) of this title;

(II) IF THE CONTRACT IS SUBJECT TO APPROVAL BY THE BOARD OF PUBLIC WORKS, REQUIRE THE PERSON TO CERTIFY TO THE BOARD OF PUBLIC WORKS THAT THE PERSON HAS FILED THE STATEMENT REQUIRED UNDER § 14–104(B)(1) OF THIS TITLE; and

[(ii)] (III) provide the State Board with the person's name, address, and any other contact information required by the State Board.

(2) (i) A governmental entity may comply with paragraph **[(1)(ii)] (1)(III)** of this subsection by sending to the State Board a quarterly report on a form provided by the State Board.

(ii) A quarterly report sent under subparagraph (i) of this paragraph shall:

1. include the required information for any person that was awarded a contract that caused the person to be doing public business with the governmental entity during the preceding calendar quarter; and

2. be submitted to the State Board no later than 10 business days after the close of each calendar quarter.

(b) (1) If a person files a statement under **§ 14–103.1 OR** § 14–104 of this title that does not include all the information required, the State Board shall notify the person in writing of the particular deficiencies.

(2) Within 30 days after service of the notice under paragraph (1) of this subsection, the person shall file an amended statement that includes all the information required.

(c) (1) As provided in this subsection, the State Board may impose fees for late filing of:

(i) a statement required under **§ 14–103.1 OR** § 14–104 of this title; or

(ii) an amended statement required under subsection (b) of this section.

(2) The State Board may impose late filing fees in the same amounts and in the same manner as provided under §§ 13–331, 13–335, and 13–337 of this article for late filing of campaign finance reports.

(3) Late filing fees imposed under this subsection shall be distributed to the Fair Campaign Financing Fund established under § 15–103 of this article.

14–110.

(a) The State Board may impose a civil penalty in accordance with this section for the following violations:

(1) FAILURE TO REPORT CURRENT INFORMATION ON BENEFICIAL OWNERSHIP AS REQUIRED UNDER § 14–103.1 OF THIS TITLE;

[(1)] (2) failure to report all applicable contributions made as required under § 14–104 of this title; and

[(2)] (3) failure to maintain detailed and accurate records and reports as required in § 14–105 of this title.

Article – State Finance and Procurement

[13–221.

(a) The provisions of this section are broadly applicable and apply to all contracts, leases, or other agreements entered into by the State.

(b) (1) In this section, “beneficial ownership” means:

(i) any ownership interest of 5% or more in a business;

(ii) any ownership interest of 5% or more in 1 or more entities in a chain of parent and subsidiary entities, any 1 of which participates in at least 5% of the capital or profits of a business; or

(iii) possession of an interest that exists under an agreement, contract, relationship, understanding, or other arrangement and entitles a person to benefits substantially equivalent to an ownership interest of 5% or more of a business.

(2) In this section, unless there are special circumstances, an individual is deemed to hold an ownership interest that is held by the individual’s spouse, the individual’s child, or other relative of the individual who lives in the individual’s home.

(c) (1) If, during a calendar year, a business enters into contracts, leases, or other agreements, with the State or its units or both, under which the business is to receive from the State or its units or both a total of \$200,000 or more, the business shall file with the Secretary of State a list that contains the name and address of:

(i) any resident agent of the business;

(ii) each officer of the business; and

(iii) if known, each person who has beneficial ownership of the business.

(2) The list shall be filed within 30 days of the date when the total value of the contracts, leases, or other agreements entered into during the calendar year reaches \$200,000.

(3) If a person who has beneficial ownership is unknown to the business, it is sufficient for the business to disclose the legal ownership or the identity of the nominee who holds title for the unknown person.

(d) A business or an officer of a business who violates any provision of this section is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$10,000.]

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2024.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.