



COMMISSION MEMBERS:
PAUL M. VETTORI, *Chairman*
KIM L. COBLE
JANET E. McHUGH
JACOB YOSEF MILIMAN
THOMAS B. SMYTH, M.D.

STATE ETHICS COMMISSION

45 CALVERT STREET, 3RD FLOOR
ANNAPOLIS, MARYLAND 21401
410-260-7770
Toll Free 1-877-669-6085
FAX: 410-260-7746

MICHAEL W. LORD
Executive Director
JENNIFER K. ALLGAIR
General Counsel
WILLIAM J. COLQUHOUN
Staff Counsel
KATHERINE P. THOMPSON
Assistant General Counsel

Town of Mount Airy Date of Public Notice: 10/5/15

Pursuant to §5-812(a)(1) of the Maryland Public Ethics Law (Md. Code Ann., Gen Prov. Title 5 (2014))("Public Ethics Law"), the State Ethics Commission advises the public and the Town of Mount Airy that the jurisdiction has not complied with and has not made good faith efforts toward compliance with the requirements of Subtitle 8 of the Public Ethics Law.

The Mount Airy Town Council passed a revised ethics ordinance on October 6, 2014 (Ordinance 2014-3) and provided a copy of its enacted ethics law to the State Ethics Commission for review and approval by the State Ethics Commission on October 16, 2014. The State Ethics Commission reviewed the Mount Airy Ethics Ordinance at its October 30, 2015 meeting and determined that the enacted Mount Airy Ethics Ordinance did not meet the requirements of Subtitle 8 of the Maryland Public Ethics Law and COMAR 19A.04. The State Ethics Commission advised the Town of Mount Airy of its determination and provided recommended changes regarding deficiencies in the local ethics law in order for the Mount Airy Ethics Ordinance in order for the financial disclosure provisions for local elected officials and candidates for local office to meet the minimum State requirements and be at least equivalent to State provisions pursuant to § 5-809(b)(2) of the Public Ethics Law and COMAR 19A.04. The Mount Airy Ethics Ordinance does not meet the requirements of Subtitle 8 of the Public Ethics Law and COMAR 19A.04 in the following areas:

- Section 13-5(F)(1) of the Mount Airy Ethics Ordinance – Financial Disclosure - local elected officials and candidates to be local elected officials - “Interests in real property.”** The current provision only requires that local elected officials and candidates for local elected office disclose “the nature of the property and the location by street address, mailing address or legal description of the property.” The Public Ethics Law requires additional disclosures related to property interests are required for both local elected officials and candidates for local elected office. In order to meet the requirements of § 5-809(b)(2) of the Public Ethics Law and COMAR 19A.04, the Commission advised the Town of Mount Airy that this financial disclosure provision must be amended to include the following requirements:

Interests in real property.

(i) A statement filed under this section shall include a schedule of all interests in real property wherever located.

(ii) For each interest in real property, the schedule shall include:

(A) The nature of the property and the location by street address, mailing address, or legal description of the property;

(B) The nature and extent of the interest held, including any conditions and encumbrances on the interest;

(C) The date when, the manner in which, and the identity of the person from whom the interest was acquired;

(D) The nature and amount of the consideration given in exchange for the interest or, if acquired other than by purchase, the fair market value of the interest at the time acquired;

(E) If any interest was transferred, in whole or in part, at any time during the reporting period, a description of the interest transferred, the nature and amount of the consideration received for the interest, and the identity of the person to whom the interest was transferred; and

(F) The identity of any other person with an interest in the property.

2. **Section 13-5(F)(2) – Financial Disclosure – local elected officials and candidates to be local elected officials – “Interests in corporations and partnerships.”** - The current provision only requires local elected officials and candidates for local elected office disclose “all interests in any corporation, partnership, limited liability partnership, or limited liability corporation except those that are publicly traded in which the interest held is less than 5% of the ownership.” The Public Ethics Law does not limit these required disclosures for holdings of less than 5% of a publicly traded corporation. In order to meet the requirements of § 5-809(b)(2) of the Public Ethics Law and COMAR 19A.04, the Commission advised the Town of Mount Airy that this financial disclosure provision must be amended to include the following requirements:

Interests in corporations and partnerships.

(i) A statement filed under this section shall include a schedule of all interests in any corporation, partnership, limited liability partnership, or limited liability corporation, regardless of whether the corporation or partnership does business with the *County, City, or Town*.

(ii) For each interest reported under this paragraph, the schedule shall include:

(A) The name and address of the principal office of the corporation, partnership, limited liability partnership, or limited liability corporation;

(B) The nature and amount of the interest held, including any conditions and encumbrances on the interest;

(C) With respect to any interest transferred, in whole or in part, at any time during the reporting period, a description of the interest transferred, the nature and amount of the consideration received for the interest, and, if known, the identity of the person to whom the interest was transferred; and

(D) With respect to any interest acquired during the reporting period:

1. The date when, the manner in which, and the identity of the person from whom the interest was acquired; and

2. The nature and the amount of the consideration given in exchange for the interest or, if acquired other than by purchase, the fair market value of the interest at the time acquired.

(iii) An individual may satisfy the requirement to report the amount of the interest held under item (B)(ii) of this paragraph by reporting, instead of a dollar amount:

(A) For an equity interest in a corporation, the number of shares held and, unless the corporation's stock is publicly traded, the percentage of equity interest held; or

(B) For an equity interest in a partnership, the percentage of equity interest held.

The State Ethics Commission has advised the Town of Mount Airy of the listed required revisions to the local ethics law in writing and requested a revised draft ethics law for review and approval on November 10, 2014, May 18, 2015, and June 24, 2015. Prior to the Town of Mount Airy's adoption of the current Ethics Ordinance in October 2014, the State Ethics Commission reviewed draft ethics ordinance changes and provided recommended revisions beginning in July 2011.

The Mount Airy Town Council voted to introduce Ordinance 2015-9 to amend the financial disclosure requirements for local elected officials and candidates for local office on July 6, 2015. The Mount Airy Town Council has not taken any further action on this matter. The Town of Mount Airy has not provided the State Ethics Commission with a revised draft or enacted ethics law incorporating the recommended changes and has failed to make a good faith effort toward compliance with the requirements of Subtitle 8 of the Maryland Public Ethics Law and COMAR 19A.04.