

January 17, 2007

***By Electronic and Interoffice Mail***

Re: AO-07-09

You inquired whether there are any ethics law issues that should be considered by the Anne Arundel Economic Development Corporation (AAEDC) in preparing to hold a Maryland wine-tasting event to promote its new agriculture development program. The event will be held as a fundraiser in association with the Maryland Wine Association. It will be open to the general public and there will be a fee to attend. The ethics commission advises that this type of event may be held as long as certain guidelines are followed in soliciting and accepting sponsorships.

The employees, officers, and directors of the AAEDC are subject to the Public Ethics Law pursuant to §7-1-101(5) of Article 7 of the *Anne Arundel County Code*. Section 7-5-106 of the law prohibits the solicitation of gifts, and the acceptance of most gifts from “controlled donors.” Over the years, the ethics commission has issued a number of opinions setting forth guidelines to ensure that solicitations made by county employees are free of the appearance of coercion or favoritism.

The first guideline is that the solicitation of donations may be undertaken only with the express approval of the county executive. *See, e.g.,* [AO-97-140](#), [AO-98-92](#), and [AO-99-160](#). The county executive’s approval is necessary to ensure that the public is aware that this event is an approved county fundraising solicitation.

The second guideline is that the solicitation must be made to promote a legitimate county program or public purpose, and the resulting contributions will ultimately benefit the public and not any county employee. *See, e.g.,* [IO-03-31](#), [AO-99-199](#).

The third guideline is that a solicitation for gifts or sponsorships must avoid targeting “controlled donors.” Controlled donors are persons or entities that:

- (1) are doing or seeking to do business with the county;
- (2) engage in activities that are regulated or controlled by the AAEDC or the county executive’s office;
- (3) have financial interests that may be affected by the performance of the official duties of the county executive or employee, officer, or member of the AAEDC; or
- (4) are registered lobbyists within the jurisdiction of the AAEDC or the county executive.

The fourth guideline is that in conjunction with all sponsorship solicitation materials, the percentage of the sponsorship amount that will be tax-deductible as a gift, and the percentage that will constitute consideration for value received should be clearly identified. This information will also comply with Revenue Ruling 67-246 of the Internal Revenue Service.

In a recent opinion to your agency, [IO-16-17](#), the ethics commission advised that two particular solicitation techniques would minimize the appearance of coercion or favoritism. The first preferred technique would be to conduct an indirect solicitation as opposed to a direct

solicitation. Second, the solicitation should be open to the public and advertised on your agency's website as well as mailed to individual targeted donors. Sponsorship materials should also contain a disclaimer such as, "Sponsorship at any level should not create the expectation that the sponsor will receive special access or favored treatment from the County as to any matter."

The ethics commission believes that following the guidelines set forth in this opinion will ensure that all county individuals and business entities have the opportunity, free of coercion, or expectation of favoritism, to contribute to the county's economic development programs.

Thank you for your inquiry.

Sincerely,

Betsy K. Dawson  
Executive Director