

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Government Operations to which was referred Senate  
3 Bill No. 8 entitled “An act relating to establishing the State Ethics Commission  
4 and standards of governmental ethical conduct” respectfully reports that it has  
5 considered the same and recommends that the House propose to the Senate that  
6 the bill be amended by striking out all after the enacting clause and inserting in  
7 lieu thereof the following:

8 \* \* \* Former Legislators and Executive Officers; Lobbying Restriction \* \* \*

9 Sec. 1. 2 V.S.A. § 266 is amended to read:

10 § 266. PROHIBITED CONDUCT

11 \* \* \*

12 (b)(1) A legislator or an Executive officer, for one year after leaving office,  
13 shall not be a lobbyist in this State.

14 (2) The prohibition set forth in subdivision (1) of this subsection shall  
15 not apply to a lobbyist exempted under section 262 of this chapter.

16 (c) As used in this section, “candidate’s;

17 (1) “Candidate’s committee,” “contribution,” and “legislative leadership  
18 political committee” shall have the same meanings as in 17 V.S.A. § 2901  
19 chapter 61 (campaign finance).

1           (2) “Executive officer” means:

2                   (A) the Governor, Lieutenant Governor, Treasurer, Secretary of  
3           State, Auditor of Accounts, or Attorney General; or

4                   (B) under the Office of the Governor, an agency secretary or deputy  
5           or a department commissioner or deputy.

6           \* \* \* Former Executive Officers; Postemployment Restrictions \* \* \*

7           Sec. 2. 3 V.S.A. § 267 is added to read:

8           § 267. EXECUTIVE OFFICERS; POSTEMPLOYMENT RESTRICTIONS

9           (a) Prior participation while in State employ.

10                   (1) An Executive officer, for one year after leaving office, shall not, for  
11           pecuniary gain, be an advocate for any private entity before any public body or  
12           the General Assembly or its committees regarding any particular matter in  
13           which:

14                           (A) the State is a party or has a direct and substantial interest; and

15                           (B) the Executive officer had participated personally and

16           substantively while in State employ.

17                   (2) The prohibition set forth in subdivision (1) of this subsection applies

18           to any matter the Executive officer directly handled, supervised, or managed,

19           or gave substantial input, advice, or comment, or benefited from, either

20           through discussing, attending meetings on, or reviewing materials prepared

21           regarding the matter.

1        (b) Prior official responsibility. An Executive officer, for one year after  
2        leaving office, shall not, for pecuniary gain, be an advocate for any private  
3        entity before any public body or the General Assembly or its committees  
4        regarding any particular matter in which the officer had exercised any official  
5        responsibility.

6        (c) Exemption. The prohibitions set forth in subsections (a) and (b) of this  
7        section shall not apply if the former Executive officer’s only role as an  
8        advocate would exempt that former officer from registration and reporting  
9        under 2 V.S.A. § 262.

10       (d) Public body enforcement. A public body shall disqualify a former  
11       Executive officer from his or her appearance or participation in a particular  
12       matter if the officer’s appearance or participation is prohibited under this  
13       section.

14       (e) Definitions. As used in this section:

15           (1) “Advocate” means a person who assists, defends, or pleads.

16           (2) “Executive officer” means:

17           (A) the Governor, Lieutenant Governor, Treasurer, Secretary of  
18        State, Auditor of Accounts, or Attorney General; or

19           (B) under the Office of the Governor, an agency secretary or deputy  
20        or a department commissioner or deputy.

1           (3) “Private entity” means any person, corporation, partnership, joint  
2           venture, or association, whether organized for profit or not for profit, except  
3           one specifically chartered by the State of Vermont or that relies upon taxes for  
4           at least 50 percent of its revenues.

5           (4) “Public body” means any agency, department, division, or office and  
6           any board or commission of any such entity, or any independent board or  
7           commission, in the Executive Branch of the State.

8           \* \* \* State Office and Legislative Candidates; Disclosure Form \* \* \*

9           Sec. 3. 17 V.S.A. § 2414 is added to read:

10          § 2414. CANDIDATES FOR STATE AND LEGISLATIVE OFFICE;

11                   DISCLOSURE FORM

12          (a) Each candidate for State office, State Senator, or State Representative  
13          shall file with the officer with whom consent of candidate forms are filed,  
14          along with his or her consent, a disclosure form prepared by the State Ethics  
15          Commission that contains the following information in regard to the previous  
16          calendar year:

17               (1) Each source, but not amount, of personal taxable income of the  
18               candidate or of his or her spouse or domestic partner, or the candidate together  
19               with his or her spouse or domestic partner, that totals more than \$5,000.00,  
20               ranked in order from highest to lowest income, including any of the sources  
21               meeting that total described as follows:

1           (A) employment, including the employer or business name and  
2           address and, if self-employed, a description of the nature of the  
3           self-employment without needing to disclose any individual clients; and

4           (B) investments, described generally as “investment income.”

5           (2) Any board, commission, association, or other entity on which the  
6           candidate served and a description of that position.

7           (3) Any company of which the candidate or his or her spouse or  
8           domestic partner, or the candidate together with his or her spouse or domestic  
9           partner, owned more than 10 percent.

10          (4) Any lease or contract with the State held or entered into by:

11           (A) the candidate or his or her spouse or domestic partner; or

12           (B) a company of which the candidate or his or her spouse or  
13           domestic partner, or the candidate together with his or her spouse or domestic  
14           partner, owned more than 10 percent.

15          (b)(1) In addition, if a candidate’s spouse or domestic partner is a lobbyist,  
16          the candidate shall disclose that fact and provide the name of his or her spouse  
17          or domestic partner and, if applicable, the name of his or her lobbying firm.

18          (2) In this subsection, “lobbyist” and “lobbying firm” shall have the  
19          same meanings as in 2 V.S.A. § 261.

1       (c)(1) A senatorial district clerk or representative district clerk who  
2       receives a disclosure form under this section shall forward a copy of the  
3       disclosure to the Secretary of State within three business days of receiving it.

4       (2) The Secretary of State shall post a copy of any disclosure forms he  
5       or she receives under this section on his or her official State website.

6       \* \* \* Campaign Finance; Contractor Contribution Restrictions \* \* \*

7       Sec. 4. 17 V.S.A. § 2950 is added to read:

8       § 2950. STATE OFFICERS AND STATE OFFICE CANDIDATES;

9       CONTRACTOR CONTRIBUTION RESTRICTIONS

10      (a) Contributor restrictions on contracting.

11      (1) A person or his or her principal or spouse who makes a contribution  
12      to a State officer or a candidate for a State office shall not enter into a sole  
13      source contract valued at \$50,000.00 or more or multiple sole source contracts  
14      valued in the aggregate at \$100,000.00 or more with that State office or with  
15      the State on behalf of that office within one year following:

16      (A) that contribution, if the contribution was made to the incumbent  
17      State officer; or

18      (B) the beginning of the term of the office, if the contribution was  
19      made to a candidate for the State office who is not the incumbent.

1           (2) The prohibition set forth in subdivision (1) of this subsection shall  
2           end after the applicable one-year period described in subdivision (1) or upon  
3           the State officer vacating the office, whichever occurs first.

4           (b) Contractor restrictions on contributions.

5           (1)(A) A person who enters into a sole source contract valued at  
6           \$50,000.00 or more or multiple sole source contracts valued in the aggregate at  
7           \$100,000.00 or more with the office of a State officer or with the State on  
8           behalf of that office, or that person’s principal or spouse, shall not make a  
9           contribution to a candidate for that State office or to that State officer.

10           (B) The candidate for State office or his or her candidate’s committee  
11           or the State officer shall not solicit or accept a contribution from a person if  
12           that candidate, candidate’s committee, or State officer knows the person is  
13           prohibited from making that contribution under this subdivision (1).

14           (2) The prohibitions set forth in subdivision (1) of this subsection shall  
15           be limited to a period beginning from the date of execution of the contract and  
16           ending with the completion of the contract.

17           (c) As used in this section:

18           (1) “Contract” means a “contract for services,” as that term is defined in  
19           3 V.S.A. § 341.

1           (2) “Person’s principal” means an individual who:

2                   (A) has a controlling interest in the person, if the person is a business  
3           entity;

4                   (B) is vested with the authority to conduct, manage, or supervise the  
5           business affairs of the person, if the person is a business entity that is not  
6           organized under Section 501(c)(3) of the Internal Revenue Code; or

7                   (C) is an employee of the person and has direct, extensive, and  
8           substantive responsibilities with respect to the negotiation of the contract.

9           Sec. 4a. 3 V.S.A. § 347 is added to read:

10           § 347. CONTRACTOR CONTRIBUTION RESTRICTIONS

11           The Secretary of Administration shall include in the terms and conditions of  
12           sole source contracts a self-certification of compliance with the contractor  
13           contribution restrictions set forth in 17 V.S.A. § 2950.

14           \* \* \* Campaign Finance Investigations; Reports to Ethics Commission \* \* \*

15           Sec. 5. 17 V.S.A. § 2904 is amended to read:

16           § 2904. CIVIL INVESTIGATION

17           (a)(1) The Attorney General or a State’s Attorney, whenever he or she has  
18           reason to believe any person to be or to have been in violation of this chapter  
19           or of any rule or regulation made pursuant to this chapter, may examine or  
20           cause to be examined by any agent or representative designated by him or her  
21           for that purpose any books, records, papers, memoranda, or physical objects of



1 any nature bearing upon each alleged violation and may demand written  
2 responses under oath to questions bearing upon each alleged violation.

3 \* \* \*

4 (5) Nothing in this subsection is intended to prevent the Attorney  
5 General or a State's Attorney from disclosing the results of an investigation  
6 conducted under this section, including the grounds for his or her decision as to  
7 whether to bring an enforcement action alleging a violation of this chapter or  
8 of any rule ~~or regulation~~ made pursuant to this chapter.

9 \* \* \*

10 Sec. 6. 17 V.S.A. § 2904a is added to read:

11 § 2904a. REPORTS TO STATE ETHICS COMMISSION

12 Upon receipt of a complaint made in regard to a violation of this chapter or  
13 of any rule made pursuant to this chapter, the Attorney General or a State's  
14 Attorney shall:

15 (1) Forward a copy of the complaint to the State Ethics Commission  
16 established in 3 V.S.A. chapter 31. The Attorney General or State's Attorney  
17 shall provide this information to the Commission within 10 days of his or her  
18 receipt of the complaint.

19 (2) File a report with the Commission regarding his or her decision as to  
20 whether to bring an enforcement action as a result of that complaint. The

1 Attorney General or State’s Attorney shall make this report within 10 days of  
2 that decision.

3 Sec. 7. 3 V.S.A. Part 1, chapter 31 is added to read:

4 CHAPTER 31. GOVERNMENTAL ETHICS

5 Subchapter 1. General Provisions

6 § 1201. DEFINITIONS

7 As used in this chapter:

8 (1) “Candidate” and “candidate’s committee” shall have the same  
9 meanings as in 17 V.S.A. § 2901.

10 (2) “Commission” means the State Ethics Commission established  
11 under subchapter 3 of this chapter.

12 (3) “Executive officer” means:

13 (A) a State officer; or

14 (B) under the Office of the Governor, an agency secretary or deputy  
15 or a department commissioner or deputy.

16 (4)(A) “Gift” means anything of value, tangible or intangible, that is  
17 bestowed for less than adequate consideration.

18 (B) “Gift” does not mean printed educational material such as books,  
19 reports, pamphlets, or periodicals.

1           (5) “Governmental conduct regulated by law” means conduct by an  
2           individual in regard to the operation of State government that is restricted or  
3           prohibited by law and includes:

4                   (A) bribery pursuant to 13 V.S.A. § 1102;

5                   (B) neglect of duty by public officers pursuant to 13 V.S.A. § 3006  
6           and by members of boards and commissions pursuant to 13 V.S.A. § 3007;

7                   (C) taking illegal fees pursuant to 13 V.S.A. § 3010;

8                   (D) false claims against government pursuant to 13 V.S.A. § 3016;

9                   (E) owning or being financially interested in an entity subject to a  
10           department’s supervision pursuant to section 204 of this title;

11                   (F) failing to devote time to duties of office pursuant to  
12           section 205 of this title;

13                   (G) engaging in retaliatory action due to a State employee’s  
14           involvement in a protected activity pursuant to subchapter 4A of chapter 27 of  
15           this title;

16                   (H) a former legislator or former Executive officer serving as a  
17           lobbyist pursuant to 2 V.S.A. § 266(b); and

18                   (I) a former Executive officer serving as an advocate pursuant to  
19           section 267 of this title.

20           (6) “Lobbyist” shall have the same meaning as in 2 V.S.A. § 261.



1           (B) investments, described generally as “investment income.”

2           (2) Any board, commission, association, or other entity on which the  
3 officer served and a description of that position.

4           (3) Any company of which the officer or his or her spouse or domestic  
5 partner, or the officer together with his or her spouse or domestic partner,  
6 owned more than 10 percent.

7           (4) Any lease or contract with the State held or entered into by:

8                   (A) the officer or his or her spouse or domestic partner; or

9                   (B) a company of which the officer or his or her spouse or domestic  
10 partner, or the officer together with his or her spouse or domestic partner,  
11 owned more than 10 percent.

12           (b)(1) In addition, if an Executive officer’s spouse or domestic partner is a  
13 lobbyist, the officer shall disclose that fact and provide the name of his or her  
14 spouse or domestic partner and, if applicable, the name of his or her lobbying  
15 firm.

16           (2) In this subsection, “lobbyist” and “lobbying firm” shall have the  
17 same meanings as in 2 V.S.A. § 261.

18           (c)(1) An officer shall file his or her disclosure on or before January 15 of  
19 the odd-numbered year or, if he or she is appointed after January 15, within  
20 10 days after that appointment.

1           (2) An officer who filed this disclosure form as a candidate in  
2           accordance with 17 V.S.A. § 2414 in the preceding year and whose disclosure  
3           information has not changed since that filing may update that filing to indicate  
4           that there has been no change.

5           § 1212. COMMISSION MEMBERS AND EXECUTIVE DIRECTOR;

6                   BIENNIAL DISCLOSURE

7           (a) Biennially, each member of the Commission and the Executive Director  
8           of the Commission shall file with the Executive Director a disclosure form that  
9           contains the information that Executive officers are required to disclose under  
10           section 1211 of this subchapter.

11           (b) A member and the Executive Director shall file their disclosures on or  
12           before January 15 of the first year of their appointments or, if the member or  
13           Executive Director is appointed after January 15, within 10 days after that  
14           appointment, and shall file subsequent disclosures biennially thereafter.

15           § 1213. DISCLOSURES; GENERALLY

16           (a) The Executive Director of the Commission shall prepare on behalf of  
17           the Commission any disclosure form required to be filed with it and the  
18           candidate disclosure form described in 17 V.S.A. § 2414, and shall make those  
19           forms available on the Commission's website.

20           (b) The Executive Director shall post a copy of any disclosure form the  
21           Commission receives on the Commission's website.

1                                    Subchapter 3. State Ethics Commission

2                    § 1221. STATE ETHICS COMMISSION

3                    (a) Creation. There is created within the Executive Branch an independent  
4                    commission named the State Ethics Commission to accept, review, make  
5                    referrals regarding, and track complaints of alleged violations of governmental  
6                    conduct regulated by law, of the Department of Human Resources Code of  
7                    Ethics, and of the State’s campaign finance law set forth in 17 V.S.A.  
8                    chapter 61; to provide ethics training; and to issue guidance and advisory  
9                    opinions regarding ethical conduct.

10                    (b) Membership.

11                    (1) The Commission shall be composed of five members who shall be  
12                    appointed by the Governor with the advice and consent of the Senate.

13                    (A) Not more than two of the members shall be from the same  
14                    political party.

15                    (B) One of the members shall be appointed Chair of the Commission  
16                    and shall have a background or expertise in ethics.

17                    (2) A member shall not:

18                    (A) hold any office in the Legislative, Executive, or Judicial Branch  
19                    of State government or otherwise be employed by the State;

1           (B) hold or enter into any lease or contract with the State, or have a  
2           controlling interest in a company that holds or enters into a lease or contract  
3           with the State;

4           (C) be a lobbyist;

5           (D) be a candidate for State or legislative office; or

6           (E) hold any office in a State or legislative office candidate's  
7           committee, a political committee, or a political party.

8           (3) A member may be removed for cause by the remaining members  
9           of the Commission in accordance with the Vermont Administrative  
10          Procedure Act.

11          (4)(A) A member shall serve a term of three years and until a successor  
12          is appointed. A term shall begin on January 1 of the year of appointment and  
13          run through December 31 of the last year of the term. Terms of members shall  
14          be staggered so that not all terms expire at the same time.

15          (B) A vacancy created before the expiration of a term shall be filled  
16          in the same manner as the original appointment for the unexpired portion of the  
17          term.

18          (C) A member shall not serve more than two consecutive terms. A  
19          member appointed to fill a vacancy created before the expiration of a term shall  
20          not be deemed to have served a term for the purpose of this subdivision (C).



1           (c) Executive Director.

2                   (1) The Commission shall be staffed by an Executive Director who shall  
3           be appointed by and serve at the pleasure of the Commission and who shall be  
4           a part-time exempt State employee.

5                   (2) The Executive Director shall maintain the records of the  
6           Commission and shall provide administrative support as requested by the  
7           Commission, in addition to any other duties required by this chapter.

8           (d) Confidentiality. The Commission and the Executive Director shall  
9           maintain the confidentiality required by this chapter.

10           (e) Meetings. Meetings of the Commission:

11                   (1) shall be held at least quarterly for the purpose of the Executive  
12           Director updating the Commission on his or her work;

13                   (2) may be called by the Chair and shall be called upon the request of  
14           any other two Commission members; and

15                   (3) shall be conducted in accordance with 1 V.S.A. § 172.

16           (f) Reimbursement. Each member of the Commission shall be entitled to  
17           per diem compensation and reimbursement of expenses pursuant to  
18           32 V.S.A. § 1010.

1     § 1222. COMMISSION MEMBER DUTIES AND PROHIBITED

2             CONDUCT

3             (a) Conflicts of interest.

4                 (1) Prohibition; recusal.

5                     (A) A Commission member shall not participate in any Commission  
6                     matter in which he or she has a conflict of interest and shall recuse himself or  
7                     herself from participation in that matter.

8                     (B) The failure of a Commission member to recuse himself or herself  
9                     as described in subdivision (A) of this subdivision (1) may be grounds for the  
10                    Commission to discipline or remove that member.

11                 (2) Disclosure of conflict of interest.

12                     (A) A Commission member who has reason to believe he or she has a  
13                     conflict of interest in a Commission matter shall disclose that he or she has that  
14                     belief and disclose the nature of the conflict of interest. Alternatively, a  
15                     Commission member may request that another Commission member recuse  
16                     himself or herself from a Commission matter due to a conflict of interest.

17                     (B) Once there has been a disclosure of a member's conflict of  
18                     interest, members of the Commission shall be afforded the opportunity to ask  
19                     questions or make comments about the situation to address the conflict.

20                     (C) A Commission member may be prohibited from participating in a  
21                     Commission matter by at least three other members of the Commission.

1           (3) Postrecusal or -prohibition procedure. A Commission member who  
2           has recused himself or herself or was prohibited from participating in a  
3           Commission matter shall not sit or deliberate with the Commission or  
4           otherwise act as a Commission member on that matter.

5           (4) Definition. As used in this subsection, “conflict of interest” means  
6           an interest of a member that is in conflict with the proper discharge of his or  
7           her official duties due to a significant personal or financial interest of the  
8           member, of a person within the member’s immediate family, or of the  
9           member’s business associate. “Conflict of interest” does not include any  
10           interest that is not greater than that of any other persons generally affected by  
11           the outcome of a matter.

12           (b) Gifts. A Commission member shall not accept a gift given by virtue of  
13           his or her membership on the Commission.

14           § 1223. PROCEDURE FOR HANDLING COMPLAINTS

15           (a) Accepting complaints.

16           (1) On behalf of the Commission, the Executive Director shall accept  
17           complaints from any source regarding governmental ethics in any of the three  
18           branches of State government or of the State’s campaign finance law set forth  
19           in 17 V.S.A. chapter 61.

20           (2) Complaints shall be in writing and shall include the identity of the  
21           complainant.

1        (b) Preliminary review by Executive Director. The Executive Director  
2        shall conduct a preliminary review of complaints made to the Commission in  
3        order to take action as set forth in this subsection, which shall include  
4        submitting complaints to all relevant entities.

5                (1) Governmental conduct regulated by law.

6                    (A) If the complaint alleges a violation of governmental conduct  
7                    regulated by law, the Executive Director shall refer the complaint to the  
8                    Attorney General or to the State’s Attorney of jurisdiction, as appropriate.

9                    (B) The Attorney General or State’s Attorney shall file a report with  
10                   the Executive Director regarding his or her decision as to whether to bring an  
11                   enforcement action as a result of a complaint referred under subdivision (A) of  
12                   this subdivision (1) within 10 days of that decision.

13                (2) Department of Human Resources Code of Ethics.

14                   (A) If the complaint alleges a violation of the Department of Human  
15                   Resources Code of Ethics, the Executive Director shall refer the complaint to  
16                   the Commissioner of Human Resources.

17                   (B) The Commissioner shall report back to the Executive Director  
18                   regarding the final disposition of a complaint referred under subdivision (A) of  
19                   this subdivision (2) within 10 days of that final disposition.

1           (3) Campaign finance.

2           (A) If the complaint alleges a violation of campaign finance law, the  
3           Executive Director shall refer the complaint to the Attorney General or to the  
4           State’s Attorney of jurisdiction, as appropriate.

5           (B) The Attorney General or State’s Attorney shall file a report with  
6           the Executive Director regarding his or her decision as to whether to bring an  
7           enforcement action as a result of a complaint referred under subdivision (A) of  
8           this subdivision (3) as set forth in 17 V.S.A. § 2904a.

9           (4) Legislative and Judicial Branches; attorneys.

10           (A) If the complaint is in regard to conduct committed by a State  
11           Senator, the Executive Director shall refer the complaint to the Senate Ethics  
12           Panel and shall request a report back from the Panel regarding the final  
13           disposition of the complaint.

14           (B) If the complaint is in regard to conduct committed by a State  
15           Representative, the Executive Director shall refer the complaint to the House  
16           Ethics Panel and shall request a report back from the Panel regarding the final  
17           disposition of the complaint.

18           (C) If the complaint is in regard to conduct committed by a judicial  
19           officer, the Executive Director shall refer the complaint to the Judicial Conduct  
20           Board and shall request a report back from the Board regarding the final  
21           disposition of the complaint.

1           (D) If the complaint is in regard to an attorney employed by the State,  
2           the Executive Director shall refer the complaint to the Professional  
3           Responsibility Board and shall request a report back from the Board regarding  
4           the final disposition of the complaint.

5           (E) If any of the complaints described in subdivisions (A)–(D) of this  
6           subdivision (4) also allege that a crime has been committed, the Executive  
7           Director shall also refer the complaint to the Attorney General and the State’s  
8           Attorney of jurisdiction.

9           (5) Closures. The Executive Director shall close any complaint that he  
10          or she does not submit or refer as set forth in subdivisions (1)–(4) of this  
11          subsection.

12          (c) Confidentiality. Complaints and related documents in the custody of  
13          the Commission shall be exempt from public inspection and copying under the  
14          Public Records Act and kept confidential.

15          § 1224. COMMISSION ETHICS TRAINING

16          At least annually, in collaboration with the Department of Human  
17          Resources, the Commission shall make available to State officers and State  
18          employees training on issues related to governmental ethics. The training shall  
19          include topics related to those covered in any guidance or advisory opinion  
20          issued under section 1225 of this subchapter.

1     § 1225. EXECUTIVE DIRECTOR GUIDANCE AND ADVISORY

2             OPINIONS

3             (a) Guidance.

4             (1) The Executive Director may issue to an Executive officer or other  
5             State employee, upon his or her request, guidance regarding any provision of  
6             this chapter or any issue related to governmental ethics.

7             (2) The Executive Director may consult with members of the  
8             Commission and the Department of Human Resources in preparing this  
9             guidance.

10            (3) Guidance issued under this subsection shall be exempt from public  
11            inspection and copying under the Public Records Act and shall be kept  
12            confidential unless the receiving entity has publicly disclosed it.

13            (b) Advisory opinions.

14            (1) The Executive Director may issue advisory opinions that provide  
15            general advice or interpretation regarding this chapter or any issue related to  
16            governmental ethics.

17            (2) The Executive Director may consult with members of the  
18            Commission and the Department of Human Resources in preparing these  
19            advisory opinions.

20            (3) The Executive Director shall post on the Commission’s website any  
21            advisory opinions that he or she issues.





1       Sec. 10. IMPLEMENTATION OF THE STATE ETHICS COMMISSION

2           (a) The State Ethics Commission, created in Sec. 7 of this act, is  
3       established on January 1, 2018.

4           (b) Members of the Commission shall be appointed on or before  
5       October 15, 2017 in order to prepare as they deem necessary for the  
6       establishment of the Commission, including the hiring of the Commission's  
7       Executive Director. Terms of members shall officially begin on  
8       January 1, 2018.

9           (c)(1) In order to stagger the terms of the members of the State Ethics  
10       Commission as described in 3 V.S.A. § 1221(b)(4)(A) in Sec. 7 of this act, the  
11       Governor shall appoint the initial members for terms as follows:

12           (A) the Chair and one other member shall be appointed for a three-  
13       year term;

14           (B) two members shall be appointed for a two-year term; and

15           (C) one member shall be appointed for a one-year term.

16           (2) After the expiration of the initial terms set forth in subdivision (1) of  
17       this subsection, Commission member terms shall be as set forth in  
18       3 V.S.A. § 1221(b)(4)(A) in Sec. 7 of this act.

1       Sec. 11. CREATION OF STAFF POSITION FOR STATE ETHICS

2                       COMMISSION

3               One part-time exempt Executive Director position is created in the State  
4       Ethics Commission set forth in Sec. 7 of this act by using an existing position  
5       in the position pool.

6       Sec. 12. BUILDINGS AND GENERAL SERVICES; SPACE ALLOCATION

7               The Commissioner of Buildings and General Services shall allocate space  
8       for the State Ethics Commission established in Sec. 7 of this act. This space  
9       shall be allocated on or before October 15, 2017.

10      Sec. 13. STATE ETHICS COMMISSION FUNDING SOURCE

11                       SURCHARGE; REPEAL

12               (a) Surcharge.

13               (1) In fiscal year 2018 and thereafter, a surcharge of up to 2.3 percent,  
14       but no greater than the cost of the activities of the State Ethics Commission set  
15       forth in Sec. 7 of this act, on the per-position portion of the charges authorized  
16       in 3 V.S.A. § 2283(c)(2) shall be assessed to all Executive Branch agencies,  
17       departments, and offices and shall be paid by all assessed entities solely with  
18       State funds.

19               (2) The amount collected shall be accounted for within the Human  
20       Resource Services Internal Service Fund and used solely for the purposes of

1 funding the activities of the State Ethics Commission set forth in Sec. 7 of  
2 this act.

3 (b) Repeal. This section shall be repealed on June 30, 2020.

4 \* \* \* Municipal Ethics and Conflicts of Interest \* \* \*

5 Sec. 14. 24 V.S.A. § 1984 is amended to read:

6 § 1984. CONFLICT OF INTEREST PROHIBITION

7 (a)(1) ~~A~~ Each town, city, ~~or~~ and incorporated village, by majority vote of  
8 those present and voting at an annual or special meeting warned for that  
9 purpose, ~~may~~ shall adopt a conflict of interest prohibition for its elected and  
10 appointed officials, which shall contain:

11 ~~(1)(A)~~ (A) A definition of “conflict of interest.”

12 ~~(2)(B)~~ (B) A list of the elected and appointed officials covered by such  
13 prohibition.

14 ~~(3)(C)~~ (C) A method to determine whether a conflict of interest exists.

15 ~~(4)(D)~~ (D) Actions that must be taken if a conflict of interest is determined  
16 to exist.

17 ~~(5)(E)~~ (E) A method of enforcement against individuals violating such  
18 prohibition.

19 (2) The requirement set forth in subdivision (1) of this subsection shall  
20 not apply if, pursuant to the provisions of subdivision 2291(20) of this title, the

1 municipality has established a conflict of interest policy that is in substantial  
2 compliance with subdivision (1).

3 (b)(1) Unless the prohibition adopted pursuant to subsection (a) of this  
4 section contains a different definition of “conflict of interest,” for the purposes  
5 of a prohibition adopted under this section, “conflict of interest” means a direct  
6 personal or pecuniary interest of a public official, or the official’s spouse,  
7 household member, business associate, employer, or employee, in the outcome  
8 of a cause, proceeding, application, or any other matter pending before the  
9 official or before the agency or public body in which the official holds office  
10 or is employed.

11 (2) “Conflict of interest” does not arise in the case of votes or decisions  
12 on matters in which the public official has a personal or pecuniary interest in  
13 the outcome, such as in the establishment of a tax rate, that is no greater than  
14 that of other persons generally affected by the decision.

15 Sec. 15. 24 V.S.A. § 1985 is added to read:

16 § 1985. ETHICAL CONDUCT POLICIES

17 A town, city, or incorporated village, by majority vote of those present and  
18 voting at an annual or special meeting warned for the purpose, may adopt  
19 ethical conduct policies for its elected and appointed officials and employees.

1 Sec. 16. 24 V.S.A. § 2291 is amended to read:

2 § 2291. ENUMERATION OF POWERS

3 For the purpose of promoting the public health, safety, welfare, and  
4 convenience, a town, city, or incorporated village shall have the following  
5 powers:

6 \* \* \*

7 (20) To establish a conflict-of-interest policy to apply to all elected and  
8 appointed officials of the town, city, or incorporated village or ethical conduct  
9 policies to apply to all elected and appointed officials and employees of the  
10 municipality, or both.

11 \* \* \*

12 Sec. 17. GENERAL ASSEMBLY; RECOMMENDATION REGARDING  
13 MUNICIPAL ETHICS

14 The General Assembly recommends that each town, city, and incorporated  
15 village adopt ethical conduct policies for its elected and appointed officials and  
16 employees.

17 Sec. 18. TRANSITIONAL PROVISION; MUNICIPAL ETHICS

18 COMPLAINTS; SECRETARY OF STATE; ETHICS

19 COMMISSION; REPORTS

20 (a) Until December 15, 2020, the Secretary of State shall accept complaints  
21 in writing regarding municipal governmental ethical conduct and:



1           (B) Sec. 6, 17 V.S.A. § 2904a (Attorney General or State’s Attorney;  
2           campaign finance; reports to State Ethics Commission); and

3           (C) Sec. 7, 3 V.S.A. Part 1, chapter 31 (governmental ethics).

4           (3) Secs. 4, 17 V.S.A. § 2950 (State officers and State office candidates;  
5           contractor contribution restrictions) and 4a, 3 V.S.A. § 347 (contractor  
6           contribution restrictions) shall take effect on December 16, 2018.

7           (4) Sec. 14, 24 V.S.A. § 1984 (municipalities; conflict of interest  
8           prohibition) shall take effect on July 1, 2019.

9           (5) This section and all other sections shall take effect on passage.

10

11

12

13           (Committee vote: \_\_\_\_\_)

14

\_\_\_\_\_

15

Representative \_\_\_\_\_

16

FOR THE COMMITTEE