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**Act No. 79 (S.8). Executive branch; Legislature; governmental ethics; lobbying; elections; campaign finance; government contracts; State Ethics Commission; municipal government**

**An act relating to establishing the State Ethics Commission and standards of governmental ethical conduct**

This act addresses the following issues:

- ***Post-public employment restrictions.*** Sec. 1 prohibits a legislator or an Executive officer from being a lobbyist for one year after leaving office. Sec. 2 prohibits an Executive officer, for one year after leaving office, from being paid to advocate for a private entity before a public body on a matter in which the officer participated or exercised responsibility while in State employ. “Executive officer” is defined throughout the act as a State officer, an agency secretary or deputy, or a department commissioner or deputy. Sec. 8 permits otherwise restricted post-public employment if it was in effect on the July 1, 2017 effective date of Secs. 1 and 2.
- ***Financial disclosures.*** Sec. 3 requires a legislative or State office candidate to file a financial disclosure along with his or her candidate consent form. The disclosure covers 1) the sources (but not amounts) of income over \$5,000.00 of the candidate and of his or her spouse or domestic partner; 2) entities on which the candidate serves; 3) companies of which the candidate and/or his or her spouse or domestic partner owned more than 10 percent; 4) leases or contracts with the State held or entered into by the candidate and/or his or her spouse or domestic partner or by companies of which they own more than 10 percent; and 5) whether the candidate’s spouse or domestic partner is a lobbyist. In addition, the act requires a State office candidate to file a copy of his or her most recent IRS Tax Return Form 1040, which, with specific redactions, will be posted on the official website of the Secretary of State. Sec. 7 requires Executive officers, State Ethics Commission members, and the Executive Director of the State Ethics Commission to also file these financial disclosures (but not the IRS Form 1040). The Executive Director is required to prepare all disclosure forms.
- ***Contractor contribution restrictions.*** Sec. 4 imposes the following restrictions on campaign contributions and sole source (no bid) contracts:

- *Contributor restrictions on contracting.* If a person makes a contribution to a State officer or a candidate for State office, or if his or her principal or spouse makes such a contribution, the person is prohibited from negotiating or entering into a sole source contract valued at \$50,000.00 or more or multiple sole source contracts valued in the aggregate at \$100,000.00 or more with that State office or the State on behalf of that office within one year following 1) the contribution, if it was made to the incumbent; or 2) the beginning of the term of office, if the contribution was made to a nonincumbent candidate.
- *Contractor restrictions on contributions.* If a person enters into a sole source contract valued at \$50,000.00 or more or multiple sole source contracts valued in the aggregate at \$100,000.00 or more with the office of a State officer or the State on behalf of that office, the person and his or her principal or spouse is prohibited from making a contribution to the State officer or a candidate for that State office during the term of the contract.
- ***State Ethics Commission.*** Sec. 7 establishes the State Ethics Commission, effective January 1, 2018. The Commission will comprise five persons appointed by the Chief Justice, the League of Women Voters of Vermont, the Vermont Society of Certified Public Accountants, the Vermont Bar Association, and the Vermont Human Resource Association. The act provides qualifications for these appointees.

The Commission is to be staffed by a part-time Executive Director who, on behalf of the Commission, will accept, review, make referrals regarding, and track complaints of alleged violations of governmental conduct regulated by law, of the Department of Human Resources Code of Ethics and of campaign finance law and of alleged misconduct committed by legislators, judicial officers, and attorneys. The Executive Director is to refer these complaints to the entities that currently handle them; the Commission does not have independent investigative or enforcement authority over these complaints.\

In addition, the Commission is required to collaborate with the Department of Human Resources in creating a State Code of Ethics that sets forth general principles of governmental ethical conduct and in making available to legislators, State officers, and State employees training on issues related to governmental ethics. The Executive Director is authorized to issue guidance to Executive officers and other State employees upon request as well as advisory opinions providing general advice on governmental ethics.

The act requires the Commission annually to report to the General Assembly regarding the complaints it has received, the guidance it has issued, and any recommendations for legislative action.

- ***Municipal conflicts of interest and ethics.*** Sec. 14 amends current law to require each town, city, and incorporated village to adopt a conflict-of-interest prohibition for its elected and appointed officials by July 1, 2019. Sec. 15 also permits these municipalities to establish ethical conduct policies for their elected and appointed officials and employees. Sec. 17 requires the Secretary of State to temporarily accept written complaints regarding municipal governmental ethical conduct, forward them to the applicable municipality, and report them to the Ethics Commission, which shall include a summary of them along with its annual report to the General Assembly.

Multiple effective dates, beginning on June 14, 2017