TO THE HONORABLE SENATE:

The Committee on Government Operations to which was referred Senate Bill No. 171 entitled “An act relating to adoption of a State code of ethics” respectfully reports that it has considered the same and recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 3 V.S.A. chapter 31, subchapter 1 is amended to read:

Subchapter 1. General Provisions; State Code of Ethics

§ 1201. DEFINITIONS

As used in this chapter:

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

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

(3) “Confidential information” means information that is exempt from public inspection and copying under 1 V.S.A. § 315 et seq. or is otherwise designated by law as confidential.

(4) “Domestic partner” means an individual in an enduring domestic relationship of a spousal nature with the Executive officer or the public servant, provided the individual and Executive officer or public servant:

(A) have shared a residence for at least six consecutive months;
(B) are at least 18 years of age;

(C) are not married to or considered a domestic partner of another

individual;

(D) are not related by blood closer than would bar marriage under

State law; and

(E) have agreed between themselves to be responsible for each

other’s welfare.

(3)(5) “Executive officer” means:

(A) a State officer; or

(B) under the Office of the Governor, an agency secretary or deputy

or a department commissioner or deputy.

(4)(A) “Gift” means anything of value, tangible or intangible, that is

bestowed for less than adequate consideration.

(B) “Gift” does not mean printed educational material such as books,

reports, pamphlets, or periodicals.

(5)(6) “Governmental conduct regulated by law” means conduct by an

individual in regard to the operation of State government that is restricted or

prohibited by law and includes:

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

(B) neglect of duty by public officers pursuant to 13 V.S.A. § 3006

and by members of boards and commissions pursuant to 13 V.S.A. § 3007;
(C) taking illegal fees pursuant to 13 V.S.A. § 3010;

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

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

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

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

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

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

(7) “Immediate family” means an individual’s spouse, domestic partner, or civil union partner; child or foster child; sibling; parent; or such relations by marriage or by civil union or domestic partnership; or an individual claimed as a dependent for federal income tax purposes.

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

(9) “Person” means any individual, group, business entity, association, or organization.
“(7)(10) “Political committee” and “political party” shall have the same
meanings as in 17 V.S.A. § 2901.

(8)(11) “State officer” means the Governor, Lieutenant Governor,
Treasurer, Secretary of State, Auditor of Accounts, or Attorney General.

§ 1202. STATE CODE OF ETHICS: APPLICABILITY

The Ethics Commission, in consultation with the Department of Human
Resources, shall create and maintain the State Code of Ethics that sets forth
general principles of governmental ethical conduct.

Applicability.

(1) Unless excluded under this section, the Code of Ethics applies to all
individuals elected or appointed to serve as officers of the State, all individuals
elected or appointed to serve as members of the General Assembly, all State
employees, all individuals appointed to serve on State boards and
commissions, and individuals who in any other way are authorized to act or
speak on behalf of the State. This code refers to them all as “public servants.”

(2) The Code of Ethics established by this section does not prohibit
branches of State government, agencies, or departments from adopting
additional provisions regarding the ethical conduct of their employees or
provisions that exceed the requirements of this Code of Ethics.

(3) The application of this Code of Ethics does not in any way abrogate
or alter the sole authority of each house of the General Assembly to judge the
elections and qualifications of its own members under Chapter II, Sections 14
and 19 of the Vermont Constitution.

§ 1203. CONFLICT OF INTEREST; APPEARANCE OF CONFLICT OF
INTEREST

(a) Conflict of interest; appearance of conflict of interest.

(1) In the public servant’s official capacity, the public servant shall
avoid any conflict of interest or the appearance of a conflict of interest. The
appearance of a conflict shall be determined from the perspective of a
reasonable individual with knowledge of the relevant facts.

(2) Except as otherwise provided in subsections (b) and (c) of this
section, when confronted with a conflict of interest, a public servant shall
recuse themselves from the matter and not take further action.

(3) As used in this section, “conflict of interest” means a direct or
indirect interest of a public servant or such an interest, known to the public
servant, of a member of the public servant’s immediate family or household, or
of a business associate, in the outcome of a particular matter pending before
the public servant or the public servant’s public body, or that is in conflict with
the proper discharge of the public servant’s duties. “Conflict of interest” does
not include any interest that is not greater than that of other individuals
generally affected by the outcome of a matter.
(b) Course of action.

(1) Legislative Branch. A member of the General Assembly shall comply with Legislative Branch rules and policies regarding the course of action a public servant may take when confronted with a conflict of interest, or the appearance of a conflict of interest, that is related to core legislative functions or duties.

(2) Judicial Branch. A judicial officer shall comply with the Vermont Rules of Judicial Conduct regarding the course of action judicial officer may take when confronted with a conflict of interest, or the appearance of a conflict of interest, that falls under the Rules of Judicial Conduct.

(3) Government attorneys. A public servant who is a licensed, practicing attorney shall comply with the Vermont Rules of Professional Conduct regarding the course of action the attorney may take when confronted when a conflict of interest, or the appearance of a conflict of interest, that falls under the Vermont Rules of Professional Conduct.

(4) Public servants; other. Any public servant facing a conflict of interest not covered by subdivisions (b)(1)–(3) of this section shall comply with requirements prescribed in this subdivision (b)(4). Each time a public servant is confronted with a conflict of interest, other than that for which the public servant’s action is solely ministerial or clerical, the public servant shall either make a public statement, which may consist of a statement made to the
public servant’s immediate supervisor, recusing themselves from the matter or,

if the public servant chooses to proceed with the matter, prepare a written

statement regarding the nature of the conflict. A public servant may request

either guidance or an advisory opinion from the State Ethics Commission in

making an initial determination whether a conflict of interest exists, or whether
good cause to proceed exists as set forth in subsection (c) of this section. Once
recused, a public servant shall not in any way participate in or act to influence
a decision regarding the matter. If the public servant chooses to proceed with
the matter, the public servant’s prepared written statement shall:

(A) describe the matter requiring action;

(B) disclose the nature of the potential conflict or actual conflict of

interest;

(C) explain why good cause, as set forth in subsection (c) of this

section, exists so that the public servant can take action in the matter fairly,
objectively, and in the public interest;

(D) include sufficient detail so that the matter may be understood by

the public; and

(E) be filed in accordance with the policies and procedures set forth

by the agency or entity governing the matter in question, including any

requirement that the statement be made public.
(c) Good cause. As used in this section, “good cause to proceed” may include any of the following:

(1) the identified conflict or potential conflict is de minimis in nature;

(2) the conflict is amorphous, intangible, or otherwise speculative; or

(3) the public servant cannot legally or practically delegate the matter.

(d) Confidential information. Nothing in this section shall require a public servant to disclose confidential information or information that is otherwise privileged under law.

§ 1203a. DIRECTING UNETHICAL CONDUCT

A public servant shall not direct another person to act in a manner that would be unethical for the public servant or the other person to act. A public servant who has a conflict of interest shall not direct others to act to the public servant’s benefit where such action would be a violation of the Code of Ethics if the public servant were to perform the act.

§ 1203b. APPEARANCE OF UNETHICAL CONDUCT

A public servant shall avoid any actions creating the appearance that the public servant is violating the Code of Ethics. Whether particular circumstances create an appearance that the Code of Ethics have been violated shall be determined from the perspective of a reasonable individual with knowledge of the relevant facts.
§ 1203c. PREFERENTIAL TREATMENT

A public servant in the course of conducting State business shall act impartially, showing no favor toward or prejudice against any person. A public servant shall not give or represent an ability to give preference or special treatment to any person because of the person’s wealth, position, or status or because of any personal relationship with the public servant. When permitted by law and written policy or rule, a public servant may give preference to designated persons.

§ 1203d. MISUSE OF POSITION

A public servant shall not use the public servant’s official position for personal or financial gain.

§ 1203e. MISUSE OF INFORMATION

A public servant shall not use nonpublic government information or confidential information acquired during the course of State service for personal or financial gain or for the personal or financial gain of any other person.

§ 1203f. MISUSE OF GOVERNMENT RESOURCES

A public servant shall not make use of State materials, funds, property, personnel, facilities, or equipment, or permit another person to do so, for any purpose other than for official State business unless the use is expressly permitted or required by law or by a written agency, departmental, or
institutional policy or rule. A public servant shall not engage in or direct
another person to engage in work other than the performance of official duties
during working hours, except as permitted or required by law or by written
agency, departmental, or institutional policy or rule.

§ 1203g. GIFTS

(a) Gift limitations and exceptions. A public servant shall not solicit or
accept a gift unless permitted under this section. For purposes of this
subchapter, “gift” means anything of value, tangible or intangible, that is given
for less than adequate consideration. A public servant may accept:

(1) A devise or inheritance. A public servant may accept a devise or
inheritance.

(2) Gifts to the State. A public servant may accept goods or services
that are provided to a State agency for use on State agency property or for use
by the public servant while serving in an official capacity.

(3) Ceremonial awards. A public servant may accept a certificate,
plaque, or other ceremonial award, provided the cost does not exceed the limit
established pursuant to subsection (b) of this section.

(4) Rebates, discounts, and promotions. A public servant may accept a
rebate, discount, or promotional item that is available to the general public or
to a definable subset of the general public.
(5) Printed or recorded material. A public servant may accept printed or recorded informational or educational material germane to State action or functions.

(6) Food or beverages. A public servant may accept food or beverages, or both, under the following circumstances:

   (A) The food or beverage, or both, is consumed on an occasion or occasions at which the person paying, directly or indirectly, for the food or beverage or the person’s representative is in attendance, provided the cost does not exceed the limit established pursuant to subsection (b) of this section.

   (B) The food or beverage, or both, is incidental to the performance of a legitimate State function.

   (C) The food or beverage, or both, is provided at a charitable, cultural, political, or civic event at which the public servant participates in the public servant’s official capacity.

(7) Admission fees and tickets. A public servant may accept tickets or admission to a charitable, cultural, political, or civic event at which a public servant participates in the public servant’s official capacity, provided such tickets or admission is provided by the primary sponsoring entity.

(8) Private employment gifts. A public servant may accept anything of value provided by an employer of the public servant, provided such benefits are customarily and ordinarily provided to others in similar circumstances.
(9) Public-servant-to-public-servant gifts. A public servant may accept a gift from another public servant under the following circumstances:

(A) If the recipient is not in a supervisor-supervisee relationship with the giver, the public servant may accept a gift for a holiday or occasion of significance.

(B) If the recipient is in a supervisor-supervisee relationship, the public servant may accept a gift for a holiday or occasion of significance, provided the value does not exceed the limit established pursuant to subsection (b) of this section.

(10) Training or education. A public servant may accept attendance to training or similar events determined to be in the interest of the public servant’s agency or department.

(11) Gifts of de minimis value. A public servant may accept an unsolicited gift having a de minimis market value as established pursuant to subsection (b) of this section.

(12) Personal gifts. A public servant may accept gifts clearly motivated by an outside relationship, family relationship, or personal friendship rather than the position of the public servant. Relevant factors in making such a determination include the history and nature of the relationship and whether the individual, family member, or a friend personally pays for the gift.
(13) Loans. A public servant may accept a commercially reasonable loan made on terms not more favorable than loans made in the ordinary course of business.

(14) Gifts otherwise permitted and legal. A public servant may accept a gift that is otherwise expressly permitted under State law.

(b) Gift valuation. For purposes of this subchapter, the value or cost limit for gifts described in subsection (a) of this section shall be:

(1) Beginning on July 1, 2022:

(A) Ceremonial awards: Less than $100.00.

(B) Food or beverages, or both: Less than $100.00 in the aggregate per recipient, per source, in a calendar year.

(C) A supervisor-supervisee relationship gift: Less than $100.00 for any single gift, and the value of all gifts does not exceed $200.00 in the aggregate per year.

(D) De minimis gift: $50.00 or less per source per occasion, provided that the aggregate market value of individual gifts received from any one person does not exceed $150.00 in a calendar year.

(2) On or after July 1, 2026, the State Ethics Commission may increase the value or cost limit set in subdivision (1) of this subsection, provided:

(A) the State Ethics Commission presents its proposed increase to the House and Senate Committees on Government Operations at least 180 days
prior to proposed implementation and after consultation with the Department
of Human Resources and the Judicial Branch;

(B) the cost or value limit is not increased more than once in a five-year period; and

(C) the increased cost or value limit is posted on the State Ethics Commission website and the Commission sends a notice of increase to public servants not less than 60 days prior to the increase’s effective date.

§ 1203h. UNAUTHORIZED COMMITMENTS

A public servant shall not make unauthorized commitments or promises of any kind purporting to bind State government.

§ 1203i. EMPLOYMENT RESTRICTIONS

(a) Outside employment. A public servant shall not seek or engage in outside employment or activities that are inconsistent, incompatible, or in conflict with the public servant’s official duties.

(b) Post-government employment.

(1) Executive officers. Executive officers shall comply with the post-government employment restrictions prescribed in section 267 of this title and 2 V.S.A. § 266(b) and (c).

(2) Legislators. Legislators shall comply with the post-government employment restrictions prescribed in 2 V.S.A. § 266(b).
(3) Legislative Branch employees. Except as permitted in subdivision (4) of this subsection, for one year after leaving office, a former Legislative Branch employee may not, for compensation, appear before the General Assembly or its subparts, or the office in which the employee served in at the time of leaving service, to advocate for anyone other than the State, concerning any matter in which the State has a direct and substantial interest.

(4) Contracting exception. The limitations in subdivisions (1) through (3) of this subsection do not apply to individuals providing information or services to the State pursuant to contracts of the State unless the public servant is otherwise prohibited from doing so by State or federal law.

(5) Representation restrictions. After leaving State service or employment, a public servant shall not knowingly, with the intent to advocate for an outcome of an investigation; application; ruling; license; contract; claim; rulemaking; charge; arrest; quasi-judicial or judicial proceeding, communicate with or appear before the State on matters involving specific parties in which the employee participated personally and substantially during government service and in which the State is a party or has a direct and substantial interest.

§ 1203j. COMPLIANCE WITH LAWS, RULES, AND POLICIES

A public servant shall comply with applicable State and federal laws and regulations, including anti-discrimination and equal opportunity laws, and comply with applicable governmental codes of conduct. A public servant shall
comply with any other applicable rules or policies established by executive
order, agency rule, or policy.

§ 1204. WHISTLEBLOWER PROTECTIONS FOR ETHICS COMPLAINTS

Consistent with section 971–978 of this title, a public servant shall be free
to disclose waste, fraud, abuse of authority, violations of law, or violations of
this or other applicable codes regarding ethical conduct to the State Ethics
Commission without fear of reprisal, intimidation, or retaliation.

§ 1205. MANDATORY ETHICS EDUCATION AND TRAINING

Within the first 120 days of public service, a public servant shall engage in
ethics training, which may be in person or online. Completion of ethics
training shall be documented by the department where the public servant is
employed. A public servant shall participate in continuing ethics education,
which may be in person or online, at least once every three years thereafter.

Approved continuing ethics education providers are the State Ethics
Commission, the Department of Human Resources – Center for Achievement
in Public Service (CAPS), the Vermont House of Representatives Ethics Panel
for the House of Representatives, the Vermont Senate Ethics Panel for the
Senate, and any education providers approved by the State Ethics Commission.

Copies of ethics training materials by ethics education providers shall be
provided to the State Ethics Commission. On request, the State Ethics
Commission may collaborate with or assist ethics education providers.
Sec. 2. REPEAL

3 V.S.A. § 1211(e) is repealed.

Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2022.

(Committee vote: ____________)

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Senator _________________

FOR THE COMMITTEE