

BILL SUMMARY
“Municipal Code of Ethics Bill”

Purpose: This bill proposes to:

- Create a uniform Municipal Code of Ethics.
- Repeal redundant municipal ethics law and require municipal officers currently in office to complete initial ethics training.

Background on Existing Conflict of Interest Statutes for Municipalities:

- [24 V.S.A. § 1984 \(Conflict of interest prohibition\)](#): Under § 1984 each municipality is required to adopt a conflict of interest policy or ordinance (by majority vote of those present and voting at an annual or special meeting) which must include:
 - (A) A definition of “conflict of interest.”
 - (B) A list of the elected and appointed officials covered by such prohibition.
 - (C) A method to determine whether a conflict of interest exists.
 - (D) Actions that must be taken if a conflict of interest is determined to exist.
 - (E) A method of enforcement against individuals violating such prohibition.

Importantly, municipalities may have different definitions of what is a “conflict of interest.” They may either use the default definition in statute or create their own.

- [24 V.S.A. § 2291 \(Enumerations of powers\), subsection \(20\)](#): Under § 2991(2), municipalities may “establish a conflict-of-interest policy to apply to all elected and appointed officials of the town, city, or incorporated village or ethical conduct policies to apply to all elected and appointed officials and employees of the municipality, or both.”

PART ONE: Repeal of Redundant Ethics Law. (Secs. 1-2)

Sec. 1 repeals [24 V.S.A. § 1984 \(Conflict of interest prohibition\)](#).

Sec. 2 repeals [24 V.S.A. § 2291 \(Enumeration of powers\)](#), subsection (20).

PART TWO: Creation of Municipal Code of Ethics. (Sec. 3)

Sec. 3 creates a new Chapter 60, titled “Municipal Code of Ethics,” in [Title 24 \(Municipal and County Government\)](#), which includes the new sections 1991-1998.

§ 1991, “Definitions,” defines important terms such as “conflict of interest” and “municipal officer.”

§ 1992, “Conflicts of interest,” in subsections (a) and (b), creates an affirmative duty for municipal officers to avoid conflicts of interest (and the *appearance* of conflicts of interest) and to recuse themselves, *unless* the officer determines there is “good cause” to proceed and notifies the legislative body of the town, city, or village with a written justification for proceeding.

Notes:

- “Good cause” means the conflict is amorphous, intangible, or otherwise speculative; the officer cannot legally or practically delegate the matter; or the action to be taken by the officer is purely ministerial and does not involve substantive decision-making.
- After recusal, an officer may still take action on the matter if the officer is a party in a contested hearing or litigation and acts only in their capacity as a member of the public.
- An officer whose official duties include execution of contracts shall recuse themselves from any decision-making process involved in the awarding of a contract that would benefit them.

Subsection (c) enables members of a public body to ask a municipal officer about any possible conflicts of interest, if that officer is part of that public body and to recommend that the member recuse themselves from the matter.

§ 1993, “Prohibited Conduct,” prohibits:

- (a) Directing unethical conduct;
- (b) Preferential treatment;
- (c) Misuse of position;
- (d) Misuse of information;
- (e) Misuse of government resources;
- (f) Offering, soliciting, or accepting gifts (excluding legal campaign contributions);
- (g) Unauthorized commitments; and
- (h) Benefitting from contracts.

Note: Now, a municipal officer shall not benefit from any contract unless:

- (1) the benefit is not greater than that of other individuals generally affected by the contract;
- (2) the contract is a contract for employment with the municipality; or
- (3) the contract was awarded through an open and public process of competitive bidding.

§ 1994, “Guidance and Advisory Opinions” replicates the guidance and advisory opinions section of the State Code of Ethics ([3 V.S.A. § 1225](#)) to enabling the Executive Director of the State Ethics Commission may provide guidance and advisory opinions to *any individual* with

respect to a municipal officer's duties regarding the Municipal Code of Ethics and any other issue related to governmental ethics.

§ 1995, "Ethics Training," requires municipal officers to undergo ethics trainings, approved by the State Ethics Commission, when becoming an officer and again thereafter every three years.

§ 1996, "Enforcement and Remedies," requires towns, cities, and villages to:

- (1) Post the Municipal Code of Ethics;
- (2) Track completed trainings;
- (3) Designate who should receive ethics complaints;
- (4) Initiate ethics complaints;
- (5) Track ethics complaints and the dispositions of these; and
- (6) Provide the State Ethics Commission with a summary of ethics complaints received and the disposition of these.

§ 1997, "Whistleblower Protection," protects municipal officers, employees, and any other individuals from retaliation if they disclose any waste, fraud, abuse of authority, violations of law, or ethical violations to a relevant public body. This section also prohibits antiwhistleblower policies (e.g. non-disclosure agreements) and provides individuals to bring civil actions for retaliation experienced for whistleblowing.

§ 1998, "Municipal Charters; Supplemental Ethics Policies," permits municipalities to adopt additional ethics or personnel policies so long as these are not in conflict with the new Chapter 60. It also specifies that Chapter 60 preempts conflicting provisions in any municipal charters.

PART FOUR: Initial Ethics Training for In-Office Municipal Officers. (Sec. 4)

Sec. 4 will require all currently employed municipal officers to complete two hours of ethics training, which may be either in person or online. The training will also include information on the State's Open Meeting Law and the State's Public Records Act, which shall be approved by the Secretary of State.

PART FIVE: Effective Date. (Sec. 5)

Sec. 5 enacts the bill on January 1, 2025.