

BILL SUMMARY
“State Ethics Commission & State Code of Ethics Bill”

Purpose: This bill will...

- Require that certain county officers both running for and holding office file financial disclosures.
- Create penalties for delinquent disclosures for candidates for State office, county office, State Senator, and State Representative.
- Grant the State Ethics Commission powers to perform supplemental investigations and hearings and to issue warnings, reprimands, and recommended actions.
- Create a full-time, exempt Legal Counsel position in the State Ethics Commission and reclassify the Executive Director of the State Ethics Commission from a part-time to a full-time, exempt State employee.
- Add a member to the State Ethics Commission to be appointed by the Vermont League of Cities and Towns.

Background:

Current disclosure requirements:

- 1) Candidates for State office, State Senator, or State Representative must file financial disclosures pursuant to [17 V.S.A. § 2414](#).
- 2) While in office, executive officers (Governor, Lieutenant Governor, Treasurer, Secretary of State, Auditor of Accounts, Attorney General, and agency secretaries, commissioners, and deputies under the Governor) file similar financial disclosures pursuant to [3 V.S.A. § 1211](#).

Current duties of the State Ethics Commission include:

- 1) Making referrals and tracking complaints of alleged violations of:
 - a) governmental conduct regulated by law,
 - b) of the Department of Human Resources Personnel Policy and Procedure Manual, and
 - c) State campaign finance law.
- 2) Providing ethics training.
- 3) Issue guidance and advisory opinions regarding ethical conduct.

PART ONE: Candidate Financial Disclosure Requirements. (Sec. 1)

Sec. 1 amends [17 V.S.A. § 2414 \(Candidates for State and Legislative Office; Disclosure Form\)](#) requiring candidates for *county offices* to submit financial disclosure forms in addition to candidates for State offices and the General Assembly. Here, “county office” means the office of *county treasurer*,

sheriff, and State's Attorney. (Note: assistant and probate judges have a form of disclosure under the [Vermont Code of Judicial Conduct, Rule 2.11.](#))

Subsection (a), further requires those disclosure forms to now include *additional* information regarding:

1. Sources of personal income:
 - a. the names of any clients who had business before any municipal or State office, department, or agency during the previous 12 months
 - b. the names of clients from whom the candidate has received \$10,000.00 or more in the previous 12 months; and
 - c. investment income, including individual stock holdings or investments valued at \$10,000.00 or more at any point in the previous 12 months, which shall be listed individually, as shall municipal bonds issued in the State of Vermont, regardless of total value;
2. Membership on any Boards, commissions, or other entities that make decisions about the allocation or disbursement of State funds over the previous 12 months.
3. Loans made to a company if the candidate owned more than 10% of that company and if the loan was not commercially reasonable and made in the ordinary course of business.
4. Companies in which the candidate had an ownership or controlling interest in the previous 12 months that had business with the State or municipality.
5. The full name of the candidate's spouse or domestic partner.

Note: The same disclosure requirements have been added in Sec. 5, below, for individuals actually in office, too.

Subsection (c) would enable candidates to redact their U.S. Individual Income Tax Return Form 1040:

1. the candidate's street address; and
2. any identifying information and signature of a paid preparer.

PART TWO: In-Office Financial Disclosure Requirements. (Secs. 2-5)

Sec. 2 amends [3 V.S.A. § 1201 \(Definitions\)](#) by migrating the definitions of "conflict of interest" and "public servant" from other sections in the chapter. A new definition for "county officer" has been added (meaning "an individual holding the office of county treasurer or State's Attorney").

This section also adds to the definition of "government conduct regulated by law" the "creating or permitting to persist any unlawful employment practice pursuant to [21 V.S.A. § 495 \[Fair Employment Practices\]](#)," which includes discrimination and sexual harassment. This will enable the State Ethics Commission to referral and track complaints of this conduct.

Sec. 3 amends [3 V.S.A. § 1202 \(State Code of Ethics; Applicability\)](#) by migrating the embedded definition of “public servants” to the Definitions section in § 1201.

Sec. 4 amends [3 V.S.A. § 1203 \(Conflict of Interest; Appearance of Conflict of Interest\)](#) by migrating the definition of “conflict of interest” to the Definitions section in § 1201.

Sec. 5 amends [3 V.S.A. § 1211 \(Executive Officers; Annual Disclosure\)](#) to require the same additional information to be disclosed for in-office executive officers and county officers as candidates for those offices in Sec. 1 above.

PART THREE: Delinquent Disclosures for Candidates for State Office, County Office, State Senator, and State Representative. (Sec. 6)

Sec. 6 adds a new section, [17 V.S.A. § 2415 \(Failure to File; Penalties\)](#), regarding penalties for candidates for State, county, and legislative offices, who do not properly file their financial disclosures.

Subsections (a)-(c) create a penalty structure. The Secretary of State will notify the State Ethics Commission which will issue a notice of delinquency to the candidate. The candidate shall have five working days from the date of the issuance of the notice to cure the delinquency, after which the candidate will pay \$10.00 a day, up to \$1,000.00.

Subsection (e) makes any intentionally fraudulent statements on disclosure forms a “false claim” pursuant to [13 V.S.A. § 3016](#), which shall be referred to the Attorney General or a State’s Attorney for enforcement.

PART FOUR: State Ethics Commission Handling of Complaints (Sec. 7-10)

Sec. 7 amends [3 V.S.A. § 1221 \(State Ethics Commission\)](#) to empower the State Ethics Commission to independently investigate and hold hearings regarding ethics complaints.

- Note: § 1221 is also amended by Sec. 11 which adds another member to the Commission, and by Sec. 12 which removes the requirement that the Commission’s Executive Director be part-time.

Sec. 8 renames [3 V.S.A. § 1222](#) “Commission Member Prohibited Conduct.

Sec. 9 renames [3 V.S.A. § 1223](#) “Procedure for Accepting and Referring Complaints.”

Sec. 10 adds a new section, 3 V.S.A. § 1223a, “Investigations, Hearings, And Recommendations.” It enables the Commission to investigate complaints; hold hearings; and issue warnings, reprimands, and recommended actions.

This section details the expansion of the Commission’s proposed powers to investigate and hold hearings. The Commission would, briefly:

- i. Investigate complaints, regardless of receiving a complaint.
- ii. Hold hearings to gather evidence and testimony.

- iii. Issue subpoenas and administer oaths.
- iv. Issue warnings or reprimands and recommend actions to be taken, including facilitated mediation, additional training and education, referrals to counseling and wellness support, or other remedial actions.
- v. The individual against whom the complaint is brought is afforded a right to be heard at the hearing, notice of investigation and hearings, and the result of any investigation.
- vi. The complainant shall have the right to be heard. In any investigation or hearing under this section that addresses alleged sexual misconduct by the individual against whom the complaint is brought, evidence of the sexual history of the complainant of the alleged sexual misconduct shall not be considered by the Commission in its issuance of any warning, reprimand, or recommended action.

PART FIVE: State Ethics Commission Membership. (Sec. 11)

Sec. 11 amends [3 V.S.A. § 1221 \(State Ethics Commission\)](#) a second time to expand its membership from five to six members, to include an additional member one member, appointed by the Vermont League of Cities and Towns.

- Note: § 1221 is also amended by Sec. 7 to empower the State Ethics Commission to independently investigate and hold hearings regarding ethics complaints, and by Sec. 12 to remove the requirement that the Commission's Executive Director be part-time.

PART SIX: State Ethics Commission Staffing. (Secs. 12-13)

Secs. 12 and 13, together, convert the Commission's positions of Executive Director and Administrative Assistant from part-time to full-time and adds a full-time attorney. Sec. 12 removes the requirement that the Commission's Executive Director be part-time, and Sec. 13 reclassifies those positions and appropriates funds for each (\$150,000.00 Legal Counsel, \$150,000.00 for the Executive Director, and \$57,000.00 for the Administrative Assistant).

PART SEVEN: Ethics Data Collection. (Sec. 14)

Sec. 14 renames [3 V.S.A. § 1226](#) "Ethics Data Collection; Commission Reports" and requires those entities to which the Commission refers complaints to report back annually "with aggregate data on ethics complaints not submitted to the Commission, with the complaints separated by topic, and the disposition of those complaints, including any prosecution, enforcement action, or dismissal."

Those reporting entities are the office of the Attorney General and State's Attorneys' offices, the Department of Human Resources, the House and Senate Ethics Panels, the Judicial Conduct Board, the Professional Responsibility Board, and the Office of the State Court Administrator.

PART EIGHT: Effective Dates. (Sec. 15)

Sec. 15. This act shall take effect on passage, except that Sec. 1 (amending 17 V.S.A. § 2414) shall take effect on January 1, 2026.