

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

Purpose: This bill proposes to:

- require that certain county officers both running for and holding office file financial disclosures;
- modify disclosure requirements for certain elected officers both running for and holding office;
- create penalties for delinquent disclosures for candidates and for State office, county office, State Senator, and
- State Representative;
- grant the State Ethics Commission powers to investigate, hold 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; and
- add a member to the State Ethics Commission to be appointed by the Vermont League of Cities and Towns.

Existing Disclosure Requirements:

[17 V.S.A. § 2414](#), requires *candidates for State office and the Legislature* to disclose:

- (1) Each **source**—but not amount—of **personal income over \$5,000** for them and their spouses/domestic partners;
- (2) **Boards and commissions** on which they served, if those boards and commissions were regulated by law or received funding from the State;
- (3) **Any company** of which they or their spouses/domestic partners **own more than 10%**;
- (4) Any **lease or contract with the State** held or entered into by them, their spouses/domestic partners, or any company of which they or their spouses/domestic partners own more than 10%;
- (5) Name and firm if their spouses/domestic partners are lobbyists.

Only State Officers—not legislators—must also submit a partially redacted U.S. Individual Income Tax Return Form 1040.

[3 V.S.A. § 1211](#) requires active Executive Officers—*not legislators*—to continue to annually disclose the same information required under [17 V.S.A. § 2414](#). (Note: “Executive Officers” mean the Governor, Lieutenant Governor, Treasurer, Secretary of State, Auditor of Accounts, Attorney General, and agency secretaries, commissioners, and deputies under the Governor.)

Existing 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 assistant judge of the Superior Court, high bailiff, judge of Probate, sheriff, and State’s Attorney.

Subsection (a), will require those disclosure forms to include:

1. Sources of personal income of more than \$5,000 from an employer.
2. If self-employed, sources of personal income from:
 - a. the names of any client *whom the candidate knows* has had business before any municipal or State office, department, or agency during the previous 12 months, *provided that the disclosed information is not confidential information*; and
 - b. the names of clients from whom the candidate has received \$10,000.00 or more in the previous 12 months, provided that the disclosed information is not confidential information.
3. Membership and position on *any* board or commission in the prior 12 months.
4. 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, **which has now been defined to mean a loan made: (A) in the usual manner on any recognized market; (B) at the price current in any recognized market at the time of making the loan; or (C) otherwise in conformity with reasonable commercial practices among lenders typically dealing in the type of loan made.**
5. Companies in which the candidate had an ownership or controlling interest in the previous 12 months that had business with the State or municipality.
6. A description—but not amount—of publicly traded assets and interests in trust valued at \$25,000.00 or more and municipal bonds issued in the State of Vermont of any value. These are to be reported “to the best of the candidate’s knowledge,” which permits a candidate to describe blind trusts and similar assets likely unknown to an investor.
7. The full name of the candidate’s spouse or domestic partner.

Note: The same disclosure requirements have been added in Sec. 5, below, for Executive officers and some county officers.

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”). The definition of “executive officer” has been amended to include a “deputy under a State officer,” which, in effect, will require annual disclosures from deputies of the Treasurer, Secretary of State, Auditor of Accounts, and Attorney General, in addition to the current agency secretaries and deputies, department commissioners and deputies.

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 refer and track complaints of this conduct.

Sec. 3 amends [3 V.S.A. § 1202 \(State Code of Ethics; Applicability\)](#) by migrating the 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**, except “county office,” here, means the high bailiff and State’s Attorney. Note: Sheriffs were given their own conflict of interest and disclosure sections in 2023, Act 30 (S.17). The [Vermont Code of Judicial Conduct](#).

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: Expansion of State Ethics Commission's Powers (Sec. 7-14)

Note: The following sections would expand the Commission's powers, enabling it to investigate, hold hearings, and make non-binding recommendations.

Sec. 7 amends [3 V.S.A. § 1221 \(State Ethics Commission\)](#) subsection (a) 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." This section now requires Any entity receiving a referred complaint shall consult with the Commission regarding the application of the State Code of Ethics to facts presented in the complaint.

Sec. 10 adds a new section, 3 V.S.A. § 1227, "Investigations." It enables the Commission to investigate alleged unethical conduct occurring within the prior two years, with or without receiving a complaint. Investigations must conclude within six months and may result in an 'investigation report' and subsequent Commission hearing if there is a reasonable basis to believe that the public servant's conduct constitutes an unethical violation. Only by a majority of the members present may an investigation or a subsequent hearing be initiated.

Sec. 11 adds a new section, 3 V.S.A. § 1228, "Hearings before the Commission." This enables the Commission to hold public hearings for the purpose of gathering evidence and testimony and making determinations. Both the public servant and any complainant will be afforded an opportunity to be heard at the hearing, present evidence, respond to evidence, and argue on all issues related to the alleged unethical misconduct.

Sec. 12 adds a new section, 3 V.S.A. § 1229, "Warnings; reprimands; recommended actions; agreements." This enables the Commission to issue warnings, reprimands, and recommended actions within 30 days of the last hearing. The recommendations may include facilitated mediation, additional training and education, referrals to counseling and wellness support, or other remedial actions. The Commission may enter into a "resolution agreement" with a public servant at any point in time before or during proceedings, which will pause any pending deadlines but require a three-month check-back to ensure compliance.

Sec. 13 adds a new section, 3 V.S.A. § 1230, "Procedure; rulemaking." This directs the Commission to adopt rules regarding procedural and evidentiary aspects of the Commission's investigations and hearings. Two-thirds of the Commission's members present and voting may waive the application of a rule. It also grants the Commission, the Executive Director, and the Commission's legal counsel and investigators the power to issue subpoenas and administer oaths in connection with any investigation or hearing.

Sec. 14 adds a new section, 3 V.S.A. § 1231, “Record; confidentiality.” Public records relating to the Commission’s handling of complaints, alleged unethical conduct, investigations, and proceedings are *exempt from the Public Records Act and shall be kept confidential, except*: (1) investigation reports a hearing is found to be warranted; (2) *investigation reports relating to alleged unethical conduct determined to not warrant a hearing warranted, if requested by the public servant*; (3) evidence produced in the open and public portions of Commission hearings; and (4) any warnings, reprimands, and recommendations issued by the Commission; (5) any *resolution agreements*; and (6) any records, as determined by the Commission, that support a warning, reprimand, recommendation, or executed resolution agreement.

*Note: there is no appeal process, namely because there is no binding final decision (e.g. no expulsion or office, no fine, no loss of property right, etc.)—that is, there is nothing to appeal.

PART FIVE: State Ethics Commission Membership. (Sec. 15)

Sec. 15 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. 16-17)

Secs. 16 and 17, 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: Citation Correction. (Sec. 18)

Sec. 18 amends 3 V.S.A. § 1221(e), regarding meetings of the Ethics Commission, to correct a statutory cross-reference.

PART EIGHT: Ethics Data Collection. (Sec. 19)

Sec. 19 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 NINE: Effective Dates. (Sec. 20)

Sec. 20 now has three roll-out periods.

Sections taking effect on passage:

- Secs. 2-5 regarding in-office financial disclosure requirements;
- Sec. 6 regarding delinquent disclosures for candidates for State office, county office, State Senator, and State Representative;
- Sec. 13 regarding the State Ethics Commission's new rulemaking authority;
- Sec. 15 regarding State Ethics Commission membership;
- Secs. 16-17 regarding State Ethics Commission staffing;
- Sec. 18 regarding a citation correction; and
- Sec. 19 regarding ethics data collection.

Sections taking effect on January 1, 2025:

- Secs. 7-12, 14 regarding the State Ethics Commission's expanded powers, excluding rulemaking authority.

Section taking effect on January 1, 2026:

- Sec. 1 regarding candidate financial disclosure requirements.