

STATE OF CONNECTICUT
AGENCY LEGISLATIVE PROPOSAL
2016 SESSION

Document Name 2016 AAC Municipal Ethics	
Agency Office of State Ethics	Agency Priority (See instructions) 3
Contact Person/Unit Carol Carson, Executive Director	Telephone 860-263-2400
Email Address: Carol.Carson@ct.gov	
Title of Proposal AAC Municipal Ethics	Statutory Reference Proposal Type <input type="checkbox"/> New <input checked="" type="checkbox"/> Resubmittal
ATTACH COPY OF FULLY DRAFTED BILL (Required for review)	
APPROVAL OF OTHER AFFECTED AGENCY (Attach additional approvals if necessary)	
Agency N/A	Agency Contact (Name and Title) N/A
Attach Summary of Agency Comments	Contact Date N/A
Summary of Proposal (Include background information)	
<p>To place municipal ethics under the jurisdiction of the Office of State Ethics. The Code of Ethics for Municipal Officials will be treated separately from the Code of Ethics for Public Officials, which is located in Part I of Chapter 10 of the General Statutes. The proposal places the Code of Ethics for Municipal Officials under newly created Part V of Chapter 10.</p>	
Reason for Proposal (Include significant policy and programmatic impacts)	
<p>Section 1. Provides for definitions relevant to the Code of Ethics for Municipal Officials, including the definition of “municipal employee”, “municipal official”, “municipality”, and “special district.”</p>	
<p>Section 2. Allows existing municipal ethics boards to complete pending matters that have been submitted for consideration and disposition prior to January 1, 2017.</p>	
<p>Section 3. Articulates the duties and authority of the Citizen’s Ethics Advisory Board with respect to the Code of Ethics for Municipal Officials, including issuance of advisory opinions and management of annual ethics trainings.</p>	
<p>Section 4. Provides for the Board’s authority to adopt regulations for purposes of the Code of Ethics for Municipal Officials.</p>	
<p>Section 5. Provides for investigation of complaints and establishes procedures involving probable hearings and board hearings to determine whether the Code of Ethics for Municipal Officials has been violated. The provision is modeled on the Code of Ethics for Public Officials (Ethics Code for State Officials).</p>	

Section 6. Provides for confidentiality of complaints and establishes procedures for disposition of complaints when the finding of no probable cause is made. The provision is modeled on the Code of Ethics for Public Officials (Ethics Code for State Officials).

Section 7. Extends various prohibited activities to municipal employees and officials, including the prohibition on entering into contracts valued at five hundred dollars or more with the municipality in which the employee or official serves, unless the contract has been awarded through an open and public process. Municipal employees and officials may represent themselves in their own interest or the individual interest of an immediate family member before any municipal board. Municipal officials may be employed by private persons who are in the business or representing others before the municipal board on which such official serves, provided the official shall take no part in any matter involving any such municipal board and shall not receive compensation from any such matter.

Section 8. Extends the revolving-door restrictions to municipal employees and officials, including one-year prohibition on post-municipal employment with an entity that has been a recipient of a municipal contract valued at \$25,000 if the restricted employee or official was substantially involved in the negotiation, proposal or award of such contract.

Section 9. Permits for donation of goods or services to municipality.

Section 10. Extends the substantial conflict of interest provision to municipal employees and officials.

Section 11. Extends the potential conflict of interest provision to municipal employees and officials.

Section 12. Extends the provision regarding the establishment and financial management of a legal defense fund to municipal employees and officials.

Section 13. Extends various prohibited activities to municipal consultants and independent contractors.

Section 14. Provides for the appeal process of any final decision of the Board.

Section 15. Articulates the authority of the Citizen's Ethics Advisory Board after finding of a violation of the Code of Ethics for Municipal Officials.

Section 16. Provides for penalties that may be imposed for violation of the Code of Ethics for Municipal Officials and articulates disciplinary powers of municipal legislative bodies, boards, commissions, councils and departments.

Sections 17-18. Contain technical amendments to § 1-92 and subsection (d) of § 1-80 of the general statutes.

Significant Fiscal Impacts

Municipal:	Potential Cost Savings
Federal:	None
State:	Cost Increases Likely

AN ACT CONCERNING MUNICIPAL ETHICS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

PART V

CODE OF ETHICS FOR MUNICIPAL OFFICIALS

Section 1. Definitions. (NEW) (*Effective January 1, 2017*):

As used in this section and sections 2 to 16, inclusive, of this act, unless the context otherwise indicates, the following terms have the following meanings:

- (1) "Blind trust" means a trust established by a municipal official or municipal employee or member of his or her immediate family for the purpose of divestiture of all control and knowledge of assets.
- (2) "Business with which he or she is associated" means any sole proprietorship, partnership, firm, corporation or trust in which the municipal official or municipal employee or member of his or her immediate family is a director, officer, owner, limited or general partner, beneficiary of a trust or holder of stock constituting five per cent or more of the total outstanding stock of any class, except that "business with which he or she is associated" does not include a business for which a municipal official or municipal employee or member of his or her immediate family is associated with solely by virtue of such official, employee or member serving as an unpaid director or officer of a not-for-profit entity. For purposes of this subdivision, "Officer" refers only to the president, executive or senior vice president or treasurer of such business, and to any person who exercises exclusive control over such business. If a business with which one is associated is itself a director, officer, limited or general partner, beneficiary of a trust or holder of stock constituting five per cent or more of the total outstanding stock of any class of another business, such latter business shall also be considered a business with which the person is associated.
- (3) "Candidate for municipal office" means any individual who has (1) filed a declaration of candidacy or a petition to appear on the ballot for election as a municipal official, (2) raised or expended money in furtherance of such candidacy, or (3) been nominated for appointment to serve as a municipal official.
- (4) "Board" means the Citizen's Ethics Advisory Board established in section 1-80 of the general statutes, as amended by this act.
- (5) "Gift" means anything of value, which is directly and personally received, unless consideration of equal or greater value is given in return. "Gift" does not include:

- (A) A political contribution otherwise reported as required by law or a donation or payment as described in subdivision (9) or (10) of subsection (b) of section 9-601a of the general statutes;
- (B) Services provided by persons volunteering their time, if provided to aid or promote the success or defeat of any political party, any candidate or candidates for municipal office or the position of convention delegate or town committee member or any referendum question;
- (C) A commercially reasonable loan made on terms not more favorable than loans made in the ordinary course of business;
- (D) A gift received from (i) an individual's spouse, fiance or fiancée, (ii) the parent, brother or sister of such spouse or such individual, or (iii) the child of such individual or the spouse of such child;
- (E) Goods or services (i) that are provided to a municipality (I) for use on municipal property, or (II) that support an event or the participation by a municipal official or municipal employee at an event, and (ii) that facilitate municipal action or functions. As used in this subparagraph, "municipal property" means property owned by a municipality or property leased to a municipality;
- (F) A certificate, plaque or other ceremonial award costing less than one hundred dollars;
- (G) A rebate, discount or promotional item available to the general public;
- (H) Printed or recorded informational material germane to municipal action or functions;
- (I) Food or beverage or both, costing less than fifty dollars in the aggregate per recipient in a calendar year, and consumed on an occasion or occasions at which the person paying, directly or indirectly, for the food or beverage, or his representative, is in attendance;
- (J) A gift, including, but not limited to, food or beverage or both, provided by an individual for the celebration of a major life event, provided any such gift provided by an individual who is not a member of the family of the recipient does not exceed five hundred dollars in value;
- (K) Admission to a charitable or civic event, including food and beverage provided at such event, but excluding lodging or travel expenses, at which a municipal official or municipal employee participates in his or her official capacity, provided such admission is provided by the primary sponsoring entity;
- (L) Anything of value provided by an employer of (i) a municipal official, (ii) a municipal employee, or (iii) a spouse of a municipal official or municipal

employee, to such official, employee or spouse, provided such benefits are customarily and ordinarily provided to others in similar circumstances;

(M) Anything having a value of not more than ten dollars, provided the aggregate value of all things provided by a donor to a recipient under this subdivision in any calendar year does not exceed fifty dollars;

(N) Training that is provided by a vendor for a product purchased by a municipality that is offered to all customers of such vendor; or

(O) Expenses of a municipal official, paid by the party committee of which party such official is a member, for the purpose of accomplishing the lawful purposes of the committee. As used in this subdivision, "party committee" has the same meaning as provided in subdivision (2) of section 9-601 of the general statutes, and "lawful purposes of the committee" has the same meaning as provided in subsection (g) of section 9-607 of the general statutes.

(6) "Immediate family" means any spouse, children or dependent relatives who reside in the individual's household.

(7) "Individual" means a natural person.

(8) "Member of a municipal advisory board" means any individual (A) appointed by a municipal official as an advisor or consultant or member of a committee, commission or council established to advise, recommend or consult with a municipal official or office or committee thereof, (B) who receives no municipal funds other than per diem payments or reimbursement for his or her actual and necessary expenses incurred in the performance of his or her official duties, and (C) who has no authority to expend any municipal funds or to exercise the power of the municipality.

(9) "Municipal employee" means any employee of a municipality or a political subdivision of a municipality, whether in the classified or unclassified service, permanent or temporary, and whether full or part-time.

(10) "Municipal official" means any elected officer or officer-elect of a municipality, including a district officer elected pursuant to section 7-327 of the general statutes, and any person appointed to any office of the municipality or a political subdivision of a municipality, but does not include a member of a municipal advisory board.

(11) "Municipality" means any town, city, borough, consolidated town and city, and consolidated town and borough and includes any special district contained therein.

(12) "Person" means an individual, sole proprietorship, trust, corporation, limited liability company, union, association, firm, partnership, committee, club or other organization or group of persons.

(13) "Political contribution" has the same meaning as provided in section 9-601a of the general statutes, except that for purposes of this section and sections 2 to 17, inclusive, of this act, the provisions of subsection (b) of said section shall not apply.

(14) "Necessary expenses" means a municipal official's or municipal employee's expenses for an article, appearance or speech or for participation at an event, in his or her official capacity, which shall be limited to necessary travel expenses, lodging for the nights before, of and after the appearance, speech or event, meals and any related conference or seminar registration fees.

(15) "Trust" means a trust in which any municipal official or municipal employee or member of his immediate family has a present or future interest that exceeds ten per cent of the value of the trust or exceeds fifty thousand dollars, whichever is less, but does not include blind trusts.

(16) "Legal defense fund" means a fund established for the payment of legal expenses of a municipal official or municipal employee incurred as a result of defending himself or herself in an administrative, civil, criminal or constitutional proceeding concerning matters related to the official's or employee's service or employment with the municipality.

(17) "Special district" has the same meaning as provided in section 7-324 of the general statutes.

(18) "Confidential information" means any information in the possession of a municipality, a municipal employee, or a municipal official, whatever its form, which (1) is mandatorily non-disclosable to the general public under a municipal regulation, ordinance, policy or provision, or state or federal statute or regulation, or non-disclosable pursuant to municipal contract or order of any court of competent jurisdiction; or (2) falls within a category of permissibly non-disclosable information under the Freedom of Information Act, Chapter 3 of the Connecticut General Statutes, and which the appropriate municipal board, commission, council or department or individual has decided not to disclose to the general public.

**Section 2. Existing municipal ethics boards may complete pending matters.
(NEW) (Effective from passage):**

Notwithstanding the provisions of section 1 of this act and sections 3 to 16, inclusive, of this act, a board, commission, council, committee or other agency that has been established to investigate allegations of unethical conduct within a municipality may decide and dispose of any matters that have been submitted for its consideration and disposition prior to January 1, 2017.

Section 3. Duties of board and Office of State Ethics. Regulations. Advisory opinions. Section 1-81 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2017*):

- (a) The board and general counsel and staff of the Office of State Ethics shall:
 - (1) Compile and maintain an index of all reports, advisory opinions, informal staff letters, memoranda issued in accordance with subsection (b) of section 1-82 and subsection (b) of section 1-93 and subsection (b) of section 5 of this act and statements filed by and with the Office of State Ethics to facilitate public access to such reports and advisory opinions, informal staff letters, memoranda statements as provided by this part and part II of this chapter and sections 1 and 2 of this act and sections 4 to 16, inclusive, of this act;
 - (2) Preserve advisory opinions and informal staff letters, permanently; preserve memoranda issued in accordance with subsection (b) of section 1-82 and subsection (b) of section 5 of this act and statements and reports filed by and with the board for a period of five years from the date of receipt;
 - (3) Upon the concurring vote of a majority of the board present and voting, issue advisory opinions with regard to the requirements of this part, [or] part II, III or IV of this chapter or sections 1 and 2 of this act and sections 4 to 16, inclusive, of this act, upon the request of any person subject to the provisions of this part, part II, III or [part] IV of this chapter or sections 1 and 2 of this act and sections 4 to 16, inclusive, of this act, and publish such advisory opinions in the Connecticut Law Journal. Advisory opinions rendered by the board, until amended or revoked, shall be binding on the board and shall be deemed to be final decisions of the board for purposes of appeal to the superior court, in accordance with the provisions of section 4-175 or 4-183. Any advisory opinion concerning the person who requested the opinion and who acted in reliance thereon, in good faith, shall be binding upon the board, and it shall be an absolute defense in any criminal action brought under the provisions of this part, [or] part II, III or IV of this chapter or sections 1 and 2 of this act and sections 4 to 16, inclusive, of this act, that the accused acted in reliance upon such advisory opinion;
 - (4) Respond to inquiries and provide advice regarding the code of ethics either verbally or through informal letters;
 - (5) Provide yearly training to all state employees and municipal employees and municipal officials regarding the code of ethics;
 - (6) Make legislative recommendations to the General Assembly and report annually, not later than February fifteenth, to the Governor summarizing the activities of the Office of State Ethics; and
 - (7) Meet not less than once per month with the office's executive director and ethics enforcement officer.

(b) The Office of State Ethics may enter into such contractual agreements as may be necessary for the discharge of its duties, within the limits of its appropriated funds and in accordance with established procedures.

(c) The Office of State Ethics shall employ an executive director, general counsel and ethics enforcement officer, each of whom shall be exempt from classified state service. The salary for the executive director, general counsel and the ethics enforcement officer shall be determined by the Commissioner of Administrative Services in accordance with accepted personnel practices. No one person may serve in more than one of the positions described in this subsection. The Office of State Ethics may employ necessary staff within available appropriations. Such necessary staff of the Office of State Ethics shall be in classified state service.

(d) The executive director, described in subsection (c) of this section, shall be appointed by the Citizen's Ethics Advisory Board for an open-ended term. Such appointment shall not be made until all the initial board members appointed to terms commencing on October 1, 2005, are appointed by their respective appointing authorities, pursuant to subsection (a) of section 1-80. The board shall annually evaluate the performance of the executive director, in writing, and may remove the executive director, in accordance with the provisions of chapter 67.

(e) The general counsel and ethics enforcement officer described in subsection (c) of this section, and other staff of the Office of State Ethics shall be appointed by the executive director of the Office of State Ethics. The executive director shall annually evaluate the performance of the general counsel, ethics enforcement officer and such other staff, in writing, and may remove the general counsel or ethics enforcement officer, in accordance with the provisions of chapter 67, or such other staff, in accordance with any applicable collective bargaining agreement.

(f) There shall be a legal division within the Office of State Ethics. The legal division shall provide the board with legal advice on matters before said board and shall represent the board in all matters in which the board is a party, without the assistance of the Attorney General unless the board requests such assistance. The legal division shall, under the direction of the general counsel, provide information and written and verbal opinions to persons subject to the code and to the general public. The general counsel, described in subsection (c) of this section, shall supervise such division. The investigation or instigation of a complaint may not occur solely because of information received by the legal division.

(g) There shall be an enforcement division within the Office of State Ethics. The enforcement division shall be responsible for investigating complaints brought to or by the board. The ethics enforcement officer, described in subsection (c) of this section, shall supervise the enforcement division. The enforcement division shall employ such attorneys and investigators, as necessary, within available appropriations, and may refer matters to the office of the Chief State's Attorney, as appropriate.

(h) The Citizen's Ethics Advisory Board shall adopt regulations in accordance with chapter 54 to carry out the purposes of this part. Such regulations shall not be deemed to govern the conduct of any judge trial referee in the performance of such judge trial referee's duties pursuant to this chapter.

(i) The general counsel shall, in consultation with the executive director of the Office of State Ethics, oversee yearly training of all state personnel in the code of ethics, provide training on the code of ethics to other individuals or entities subject to the code and shall make recommendations as to public education regarding ethics.

Section 4. Adoption of Regulations for Purposes of this Act (NEW) (Effective January 1, 2017)

The Citizen's Ethics Advisory Board shall adopt regulations, in accordance with chapter 54 of the general statutes, to carry out the purposes of sections 1 and 2 of this act and sections 5 to 16, inclusive, of this act. Such regulations shall not be deemed to govern the conduct of any judge trial referee in the performance of such judge trial referee's duties pursuant to chapter 10 of the general statutes.

Section 5. Complaints. Procedure. Time limits. Investigation; notice; hearings. Attorneys' fees. Damages for complaints without foundation. (NEW) (Effective January 1, 2017):

(a) (1) Upon the complaint of any person on a form prescribed by the board, signed under penalty of false statement, or upon its own complaint, the ethics enforcement officer of the Office of State Ethics shall investigate any alleged violation of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act. Not later than five days after the receipt or issuance of such complaint, the board shall provide notice of such receipt or issuance and a copy of the complaint by registered or certified mail to any respondent against whom such complaint is filed and shall provide notice of the receipt of such complaint to the complainant. When the ethics enforcement officer of the Office of State Ethics undertakes an evaluation of a possible violation of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act prior to the filing of a complaint, the subject of the evaluation shall be notified not later than five business days after an Office of State Ethics staff member's first contact with a third party concerning the matter.

(2) In the conduct of its investigation of an alleged violation of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act, the Office of State Ethics may hold hearings, administer oaths, examine witnesses and receive oral and documentary evidence. The Office of State Ethics may subpoena witnesses under procedural rules adopted by the Citizen's Ethics Advisory Board as regulations in accordance with the provisions of chapter 54 of the general statutes to compel attendance before the Office of State Ethics and to require the production for examination by the ethics enforcement officer of the Office of State

Ethics of any books and papers which the Office of State Ethics deems relevant in any matter under investigation or in question, provided any such subpoena is issued either pursuant to a majority vote of the Citizen's Ethics Advisory Board or pursuant to the signature of the chairperson of such board. The vice-chairperson of such board may sign any such subpoena if the chairperson of such board is unavailable. In the exercise of such powers, the Office of State Ethics may use the services of the state police, who shall provide the same upon the office's request. The Office of State Ethics shall make a record of all proceedings conducted pursuant to this subsection. The ethics enforcement officer of the Office of State Ethics may bring any alleged violation of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act before a judge trial referee assigned by the Chief Court Administrator for such purpose for a probable cause hearing. Such judge trial referee shall be compensated in accordance with the provisions of section 52-434 of the general statutes from such funds as may be available to the Office of State Ethics. Any witness summoned before the Office of State Ethics or a judge trial referee pursuant to this subsection shall receive the witness fee paid to witnesses in the courts of this state.

(3) During any investigation conducted pursuant to this subsection or any probable cause hearing conducted pursuant to this subsection, the respondent shall have the right to appear and be heard and to offer any information which may tend to clear the respondent of probable cause to believe the respondent has violated any provision of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act. The respondent shall also have the right to be represented by legal counsel and to examine and cross-examine witnesses. Not later than ten days prior to the commencement of any hearing conducted pursuant to this subsection, the Office of State Ethics shall provide the respondent with a list of its intended witnesses.

(4) Any finding of probable cause to believe the respondent is in violation of any provisions of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act shall be made by a judge trial referee not later than thirty days after the ethics enforcement officer brings such alleged violation before such judge trial referee, except that such thirty-day limitation period shall not apply if the judge trial referee determines that good cause exists for extending such limitation period.

(b) (1) If a judge trial referee determines that probable cause exists for the violation of a provision of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act, the board shall initiate hearings to determine whether there has been a violation of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act. Any such hearing shall be initiated by the board not later than thirty days after the finding of probable cause by a judge trial referee and shall be concluded not later than ninety days after its initiation, except that such thirty or ninety-day limitation period shall not apply if the judge trial referee determines that good cause exists for extending such limitation period. A judge trial referee, who has not taken part in the probable cause determination on the

matter, shall be assigned by the Chief Court Administrator and shall be compensated in accordance with section 52-434 of the general statutes out of funds available to the Office of State Ethics and shall preside over such hearing and rule on all issues concerning the application of the rules of evidence, which shall be the same as in judicial proceedings. The judge trial referee shall have no vote in any decision of the board. All hearings of the board held pursuant to this subsection shall be open. At such hearing the board shall have the same powers as the Office of State Ethics under subsection (a) of this section and the respondent shall have the right to be represented by legal counsel, the right to compel attendance of witnesses and the production of books, documents, records and papers and to examine and cross-examine witnesses.

(2) Not later than ten days prior to the commencement of any hearing conducted pursuant to this subsection, the Office of State Ethics shall provide the respondent with a list of its intended witnesses. The judge trial referee shall, while engaged in the discharge of the duties as provided in this subsection, have the same authority as is provided in section 51-35 of the general statutes over witnesses who refuse to obey a subpoena or to testify with respect to any matter upon which such witness may be lawfully interrogated, and may commit any such witness for contempt for a period not longer than thirty days. The Office of State Ethics shall make a record of all proceedings pursuant to this subsection. During the course of any such hearing, no ex-parte communication shall occur between the board, or any of its members, and: (A) The judge trial referee, or (B) any staff member of the Enforcement Division of the Office of State Ethics, concerning the complaint or the respondent.

(3) The board shall find no person in violation of any provision of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act, except upon the concurring vote of six of its members present and voting. No member of the board shall vote on the question of whether a violation of any provision of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act has occurred unless such member was physically present for the duration of any hearing held pursuant to this subsection. Not later than fifteen days after the public hearing conducted in accordance with this subsection, the board shall publish its finding and a memorandum of the reasons therefor. Such finding and memorandum shall be deemed to be the final decision of the board on the matter for the purposes of chapter 54 of the general statutes. The respondent, if aggrieved by the finding and memorandum, may appeal therefrom to the Superior Court in accordance with the provisions of section 4-183 of the general statutes.

(c) If a judge trial referee finds, after a hearing pursuant to this section, that there is no probable cause to believe that a municipal official or municipal employee has violated a provision of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act or if the board determines that a municipal official or municipal employee has not violated any such provision, or if a court of competent jurisdiction overturns a finding by the board of a violation by such a respondent, the state shall pay the reasonable legal expenses of the respondent as determined

by the Attorney General or by the court if appropriate. If any complaint brought under the provisions of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act is made with the knowledge that it is made without foundation in fact, the respondent shall have a cause of action against the complainant for double the amount of damage caused thereby and, if the respondent prevails in such action, he or she may be awarded by the court the costs of such action together with reasonable attorneys' fees.

(d) No complaint may be made under this section later than five years after the violation alleged in the complaint has been committed.

(e) No person shall take or threaten to take official action against an individual for such individual's disclosure of information to the board or the general counsel, ethics enforcement officer or staff of the Office of State Ethics under the provisions of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act. After receipt of information from an individual under the provisions of sections 1, 2 and 4 of this act, this section and sections 6 to 16, inclusive, of this act, the Office of State Ethics shall not disclose the identity of such individual without such individual's consent unless the Office of State Ethics determines that such disclosure is unavoidable during the course of an investigation. No person shall be subject to civil liability for any good faith disclosure that such person makes to the Office of State Ethics.

Section 6. Confidentiality of complaints, evaluations of possible violations and investigations. Publication of findings. (NEW) (Effective January 1, 2017):

(a) Unless a judge trial referee makes a finding of probable cause, a complaint alleging a violation of sections 1, 2, 4 and 5 of this act, this section and sections 7 to 16, inclusive, of this act shall be confidential except upon the request of the respondent. An evaluation of a possible violation of sections 1, 2, 4 and 5 of this act, this section and sections 7 to 16, inclusive, of this act by the Office of State Ethics prior to the filing of a complaint shall be confidential except upon the request of the subject of the evaluation. If the evaluation is confidential, any information supplied to or received from the Office of State Ethics shall not be disclosed to any third party by a subject of the evaluation, a person contacted for the purpose of obtaining information or by the ethics enforcement officer or staff of the Office of State Ethics. No provision of this subsection shall prevent the Office of State Ethics from reporting the possible commission of a crime to the Chief State's Attorney or other prosecutorial authority.

(b) An investigation conducted prior to a probable cause finding shall be confidential except upon the request of the respondent. If the investigation is confidential, the allegations in the complaint and any information supplied to or received from the Office of State Ethics shall not be disclosed during the investigation to any third party by a complainant, respondent, witness, designated party, or board or staff member of the Office of State Ethics.

(c) Not later than three business days after the termination of the investigation, the Office of State Ethics shall inform the complainant and the respondent of its finding and provide them a summary of its reasons for making such finding. The Office of State Ethics shall publish its finding upon the respondent's request and may also publish a summary of its reasons for making such finding.

(d) If a judge trial referee makes a finding of no probable cause, the complaint and the record of the Office of State Ethics' investigation shall remain confidential, except upon the request of the respondent and except that some or all of the record may be used in subsequent proceedings. No complainant, respondent, witness, designated party, or board or staff member of the Office of State Ethics shall disclose to any third party any information learned from the investigation, including knowledge of the existence of a complaint, which the disclosing party would not otherwise have known. If such a disclosure is made, the judge trial referee may, after consultation with the respondent if the respondent is not the source of the disclosure, publish the judge trial referee's finding and a summary of the judge trial referee's reasons therefor.

(e) The judge trial referee shall make public a finding of probable cause not later than five business days after any such finding. At such time the entire record of the investigation shall become public, except that the Office of State Ethics may postpone examination or release of such public records for a period not to exceed fourteen days for the purpose of reaching a stipulation agreement pursuant to subsection (c) of section 4-177 of the general statutes. Any such stipulation agreement or settlement shall be approved by a majority of those members present and voting.

Section 7. Prohibited activities. (NEW) (Effective January 1, 2017):

(a) No municipal official or municipal employee shall, while serving as such, have any financial interest in, or engage in, any business, employment, transaction or professional activity which is in substantial conflict with the proper discharge of his or her duties or employment in the public interest and of his or her responsibilities as prescribed in the laws of this state, as defined in section 10 of this act.

(b) No municipal official or municipal employee shall accept other employment which will either impair such official's or employee's independence of judgment as to his or her official duties or employment or require him or her, or induce him or her, to disclose confidential information acquired by such official or employee in the course of and by reason of his or her official duties.

(c) No municipal official or municipal employee shall wilfully and knowingly disclose, for financial gain, to any other person confidential information acquired by him or her in the course of and by reason of such official's or employee's official duties or employment and no municipal official or municipal employee shall use his or her public office or position or any confidential information received

through holding such public office or position to obtain financial gain for himself or herself, his or her spouse, child, child's spouse, parent, brother or sister, his or her employer other than the municipality or a business with which he or she is associated.

(d) (1) Except as provided in subdivision (2) of this subsection, no municipal official or municipal employee or employee of such municipal official or municipal employee shall agree to accept any employment, fee or other thing of value, or portion thereof, for appearing, agreeing to appear, or taking any other action on behalf of another person before any municipal board, commission, council or department of the municipality in which such municipal official or municipal employee holds a public office or position or the subject matter over which municipal official or municipal employee has authority or control; except this subsection shall not prohibit any such person from requesting information on behalf of another before any such municipal board, commission, council or department if no fee or reward is given or promised in consequence thereof.

(2) A municipal official or municipal employee may be or become a member or employee of a firm, partnership, association or professional corporation which represents clients for compensation before any municipal board, commission, council or department of the municipality in which such member or employee holds public office, provided the member or employee takes no part in any matter involving any such municipal board, commission, council or department and does not receive compensation from any such matter. Receipt of a previously established salary, not based on the current or anticipated business of the firm, partnership, association or professional corporation involving the applicable municipal board, commission, council or department, shall be permitted. Nothing in this subsection shall prohibit or restrict a municipal official or municipal employee from appearing before any municipal board, commission, council or department in his or her own individual interest or the individual interest of an immediate family member, or being a party in any action, proceeding or litigation brought by or against the municipal official or municipal employee to which the municipality is a party.

(e) No person shall offer or give to a municipal official or municipal employee or candidate for municipal office or his or her spouse, his or her parent, brother, sister or child or spouse of such child or a business with which such official or employee is associated, anything of value, including, but not limited to, a gift, loan, political contribution, reward or promise of future employment based on any understanding that the vote, official action or judgment of the municipal official, municipal employee or candidate for municipal office would be or had been influenced thereby.

(f) No municipal official or municipal employee or candidate for municipal office shall solicit or accept anything of value, including, but not limited to, a gift, loan, political contribution, reward or promise of future employment based on any understanding that the vote, official action or judgment of the municipal official

or municipal employee or candidate for municipal office would be or had been influenced thereby.

(g) Nothing in subsection (e) or (f) of this section shall be construed (1) to apply to any promise made in violation of subdivision (6) of section 9-622 of the general statutes, or (2) to permit any activity otherwise prohibited in section 53a-147 or 53a-148 of the general statutes.

(h) No municipal official or municipal employee or member of the official or employee's immediate family or a business with which he or she is associated shall enter into any contract with the municipality in which such municipal official or municipal employee holds a public office or position, valued at five hundred dollars or more, other than a contract (1) of employment as a municipal employee, or (2) pursuant to a court appointment, unless the contract has been awarded through an open and public process, including prior public offer and subsequent public disclosure of all proposals considered and the contract awarded. In no event shall an executive head of a municipal department, or the executive head's immediate family or a business with which he or she is associated enter into any contract with such department. Nothing in this subsection shall be construed as applying to any municipal official who is appointed as a member of a municipal board, commission, council or department and who receives no compensation other than per diem payments or reimbursement for actual or necessary expenses, or both, incurred in the performance of the municipal official's duties unless such municipal official has authority or control over the subject matter of the contract. Any contract made in violation of this subsection shall be voidable by a court of competent jurisdiction if the suit is commenced not later than one hundred eighty days after the making of the contract.

(i) No municipal official or municipal employee shall accept a fee or honorarium for an article, appearance or speech or for participation at an event in the municipal official's or municipal employee's official capacity, provided a municipal official or municipal employee may receive payment or reimbursement for necessary expenses for any such activity in his or her official capacity. If a municipal official or municipal employee receives such a payment or reimbursement for lodging or out-of-state travel, or both, the municipal official or municipal employee shall, not later than thirty days thereafter, file a report of the payment or reimbursement with the Office of State Ethics, unless the payment or reimbursement is provided by the federal government or state government. If a municipal official or municipal employee does not file such report within such period, either intentionally or due to gross negligence on the municipal official's or municipal employee's part, the municipal official or municipal employee shall return the payment or reimbursement. If any failure to file such report is not intentional or due to gross negligence on the part of the municipal official or municipal employee, the municipal official or municipal employee shall not be subject to any penalty under this chapter. When a municipal official or municipal employee attends an event in this state in the municipal official's or municipal employee's official capacity and as a principal speaker at such event and receives admission to or food or beverage

at such event from the sponsor of the event, such admission or food or beverage shall not be considered a gift and no report shall be required from such municipal official or municipal employee or from the sponsor of the event.

(j) No municipal official or municipal employee shall knowingly solicit or accept, directly or indirectly, any gift from any person the municipal official or municipal employee knows or has reason to know: (1) Is doing business with or seeking to do business with the municipal board, commission, council or department in which the municipal official or municipal employee holds a public office or position; or (2) is engaged in activities which are directly regulated by such board, commission, council or department. No person shall knowingly give, directly or indirectly, any gift or gifts in violation of this provision. Any person prohibited from making a gift under this subsection shall report to the Office of State Ethics any solicitation of a gift from such person by a municipal employee or municipal official.

(k) (1) No municipal official or municipal employee or member of the immediate family of a municipal official or municipal employee shall knowingly accept, directly or indirectly, any gift costing one hundred dollars or more from a municipal official or municipal employee who is under the supervision of such municipal official or municipal employee.

(2) No municipal official or municipal employee or member of the immediate family of a municipal official or municipal employee shall knowingly accept, directly or indirectly, any gift costing one hundred dollars or more from a municipal official or municipal employee who is a supervisor of such municipal official or municipal employee.

(3) No municipal official or municipal employee shall knowingly give, directly or indirectly, any gift in violation of subdivision (1) or (2) of this subsection.

(l) No municipal official or municipal employee shall intentionally counsel, authorize or otherwise sanction action that violates any provision of sections 1, 2 and 6 of this act, this section and sections 8 to 16, inclusive, of this act.

Section 8. Certain activities restricted after leaving municipal office or employment. (NEW) (Effective January 1, 2017):

(a) No former municipal official or municipal employee shall disclose or use confidential information acquired in the course of and by reason of his or her official duties for financial gain for such official or such employee or another person.

(b) No former municipal official or municipal employee shall represent anyone other than the municipality, concerning any particular matter (1) in which he or she participated personally and substantially while in municipal service or employment, and (2) in which the municipality has a substantial interest.

(c) No former municipal official or municipal employee shall, for one year after leaving municipal service or employment, represent anyone, other than the municipality, for compensation before the municipal board, commission, council or department in which such official or employee served at the time of his or her termination of service or employment, concerning any matter in which the municipality has a substantial interest.

(d) No former municipal official or municipal employee who participated substantially in the negotiation or award of a municipal contract valued at an amount of twenty-five thousand dollars or more, or who supervised the negotiation or award of such a contract, shall seek or accept employment with a party to the contract other than the municipality for a period of one year after his or her resignation from municipal office or position if his or her resignation occurs less than one year after the contract is signed. No party to such a contract other than the municipality shall employ any such former municipal official or municipal employee in violation of this subsection.

Section 9. Donation of goods or services to municipality. (NEW) (Effective January 1, 2017):

Nothing in the provisions of this section, sections 1, 2 and 4 to 8, inclusive, and sections 10 to 16, inclusive, of this act shall prohibit the donation of goods or services, as described in subparagraph (E) of subdivision (5) of section 1 of this act, to a municipality, the donation of the use of facilities to facilitate municipal action or functions or the donation of real property to a municipality.

Section 10. Conflicts of Interest – Substantial and Direct. (NEW) (Effective January 1, 2017):

A municipal official or municipal employee has an interest which is in substantial conflict with the proper discharge of his duties or employment in the public interest and of such official's or employee's responsibilities as prescribed in the laws of this state, if such official or employee has reason to believe or expect that he or she, his or her spouse, a dependent child, his or her employer other than the municipality or a business with which he or she is associated will derive a direct monetary gain or suffer a direct monetary loss, as the case may be, by reason of his or her official activity. A municipal official or municipal employee does not have an interest which is in substantial conflict with the proper discharge of his or her duties in the public interest and of his or her responsibilities as prescribed by the laws of this state, if any benefit or detriment accrues to such official or employee, his or her spouse, a dependent child, his or her employer other than the municipality or a business with which such official or employee, his or her spouse or such dependent child is associated as a member of a profession, occupation or group to no greater extent than any other member of such profession, occupation or group. A municipal official or municipal employee who has a substantial conflict may not take official action on the matter.

Section 11. Conflicts of Interest - Potential. (NEW) (Effective January 1, 2017):

Any municipal official or municipal employee who, in the discharge of such official's or employee's official duties, would be required to take an action that would affect a financial interest of such official or employee, such official's or employee's spouse, parent, brother, sister, child or the spouse of a child, employer other than the municipality or a business with which such official or employee is associated, other than an interest of a de minimis nature, an interest that is not distinct from that of a substantial segment of the general public or an interest in substantial conflict with the performance of official duties as defined in section 10 of this act has a potential conflict of interest. Under such circumstances, such official or employee shall, if such official or employee is a member of a municipal regulatory board, council or commission, either excuse himself or herself from the matter or prepare a written statement signed under penalty of false statement describing the matter requiring action and the nature of the potential conflict and explaining why, despite the potential conflict, such official or employee is able to vote and otherwise participate fairly, objectively and in the public interest. Such municipal official or municipal employee shall deliver a copy of the statement to the Office of State Ethics and enter a copy of the statement in the journal or minutes of the board, council or commission. If such official or employee is not a member of a municipal regulatory board, council or commission, such official or employee shall, in the case of either a substantial or potential conflict, prepare a written statement signed under penalty of false statement describing the matter requiring action and the nature of the conflict and deliver a copy of the statement to such official's or employee's immediate superior, if any, who shall assign the matter to another employee, or, if such official or employee has no immediate superior, such official or employee shall take such steps as the Office of State Ethics shall prescribe or advise.

Section 12. Legal defense fund established by or for a municipal official or municipal employee. Reports. Contributions. (NEW) (Effective January 1, 2017):

(a) Any municipal official or municipal employee who establishes a legal defense fund, or for whom a legal defense fund has been established, shall file a report on such fund with the Office of State Ethics not later than the tenth day of January, April, July and October. Each such report shall include the following information for the preceding calendar quarter: (1) The names of the directors and officers of the fund, (2) the name of the depository institution for the fund, (3) an itemized accounting of each contribution to the fund, including the full name and complete address of each contributor and the amount of the contribution, and (4) an itemized accounting of each expenditure, including the full name and complete address of each payee and the amount and purpose of the expenditure. The municipal official or municipal employee shall sign each such report under penalty of false statement.

(b) (1) In addition to the prohibition on gifts under subsection (j) of section 7 of this act, no municipal official or municipal employee shall accept, directly or indirectly,

any contribution to a legal defense fund established by or for the municipal official or municipal employee from (A) a member of the immediate family of any person who is prohibited from giving a gift under subsection (j) of section 7 of this act, or (B) a person who is appointed by such municipal official or municipal employee to serve on a paid, full-time basis. No person described in subparagraph (A) or (B) of this subdivision shall make a contribution to such a legal defense fund, and no such person or any person prohibited from making a gift under subsection (j) of section 7 of this act shall solicit a contribution for such a legal defense fund.

(2) Except as provided in subdivision (3) of this subsection: (A) A municipal official or municipal employee may accept a contribution or contributions to a legal defense fund established by or for the municipal official or municipal employee from any other person, provided the total amount of such contributions from any such person in any calendar year shall not exceed one thousand dollars, and (B) no such person shall make a contribution or contributions to any such legal defense fund exceeding one thousand dollars in any calendar year.

(3) A municipal official or municipal employee may accept a contribution or contributions, in any amount, to a legal defense fund established by or for the municipal official or municipal employee from a relative of the municipal official or municipal employee or a person whose relationship with the municipal official or municipal employee is not dependent on the official's or employee's status as a municipal official or municipal employee. The factors that the board shall consider in determining whether a person's relationship is so dependent shall include, but not be limited to, whether the person may be able to benefit from the exercise of official authority of the municipal official or municipal employee and whether the person made gifts to the municipal official or municipal employee before the official or employee began serving in such office or position.

Section 13. Consultants and independent contractors. Prohibited activities. (NEW) (Effective January 1, 2017):

(a) No person hired by a municipality as a consultant or independent contractor, and no person employed by such consultant or independent contractor, shall:

(1) Use the authority provided under the contract, or any confidential information acquired in the performance of the contract, to obtain financial gain for the consultant or independent contractor, an employee of the consultant or independent contractor or a member of the immediate family of any such consultant or independent contractor or employee thereof;

(2) Accept another municipal contract which would impair the independent judgment of the person in the performance of the existing contract; or

(3) Accept anything of value based on an understanding that the actions of the person on behalf of the municipality would be influenced.

(b) No person shall give anything of value to a person hired by a municipality as a consultant or independent contractor, or any person employed by such consultant or independent contractor, based on an understanding that the actions of the consultant or independent contractor, or the employee, on behalf of the municipality would be influenced.

Section 14. Aggrieved persons. Appeals. (NEW) (Effective January 1, 2017):

Any person aggrieved by any final decision of the board, made pursuant to sections 1, 2 and 4 to 13, inclusive, and sections 15 to 16, inclusive, of this act may appeal such decision in accordance with the provisions of section 4-175 or section 4-183 of the general statutes.

Section 15. Authority of board after finding violation. (NEW) (Effective January 1, 2017):

(a) The board, upon a finding made pursuant to section 5 of this act that there has been a violation of any provision of this section, sections 1, 2 and 4 to 14, inclusive, and section 16 of this act shall have the authority to order the violator to do any or all of the following: (1) Cease and desist the violation of this section, sections 1, 2 and 4 to 14, inclusive, and section 16 of this act; (2) file any report, statement or other information as required by this section, sections 1, 2 and 4 to 14, inclusive, and section 16 of this act; and (3) pay a civil penalty of not more than ten thousand dollars for each violation of this section, sections 1, 2 and 4 to 14, inclusive, and section 16 of this act.

(b) Notwithstanding the provisions of subsection (a) of this section, the board may, after a hearing conducted in accordance with sections 4-176e to 4-184, inclusive, of the general statutes, upon the concurring vote of six of its members, present and voting impose a civil penalty not to exceed ten dollars per day upon any individual who fails to file any statement or other information as required by this section, sections 1, 2 and 4 to 14, inclusive, and section 16 of this act. Each distinct violation of this subsection shall be a separate offense and in case of a continued violation, each day thereof shall be deemed a separate offense. In no event shall the aggregate penalty imposed for such failure to file exceed ten thousand dollars.

(c) The board may also report its finding to the Chief State's Attorney for any action deemed necessary. The board, upon a finding made pursuant to section 5 of this act that a member or member-elect of the legislative body of a municipality has violated any provision of this section, sections 1, 2 and 4 to 14, inclusive, and section 16 of this act shall notify such legislative body, in writing, of such finding and the basis for such finding.

(d) Any person who knowingly acts in such person's financial interest in violation of section 7, 8, 10, 11 or 12 of this act or any person who knowingly receives a financial advantage resulting from a violation of any of said sections shall be liable for damages in the amount of such advantage. If the board determines that any

person may be so liable, it shall immediately inform the Attorney General of such possibility.

Section 16. Violations; penalties. Disciplinary powers of municipal legislative bodies, boards, commissions, councils and departments. Civil action for damages. (NEW) (Effective January 1, 2017):

(a) Any person who intentionally violates any provision of this section, sections 1, 2 and 4 to 15, inclusive, of this act shall (1) for a first violation, be guilty of a class A misdemeanor, except that, if such person derives a financial benefit of one thousand dollars or more as a result of such violation, such person shall be guilty of a class D felony, and (2) for a second or subsequent violation, be guilty of a class D felony, provided no person may be found guilty of a violation of subsection (e) or (f) of section 7 of this act and bribery or bribe receiving under section 53a-147 or 53a-148 of the general statutes upon the same incident, but such person may be charged and prosecuted for all or any of such offenses upon the same information.

(b) The penalties prescribed in this section, sections 1, 2 and 4 to 15, inclusive, of this act shall not limit the power of the legislative body of a municipality to discipline its own members, and shall not limit the power of municipal boards, commissions, councils or departments to discipline their officials or employees.

(c) The Attorney General may bring a civil action against any person who knowingly acts in the person's financial interest in, or knowingly receives a financial advantage resulting from, a violation of section 7, 8, 10, 11 or 12 of this act. In any such action, the Attorney General may, in the discretion of the court, recover any financial benefit that accrued to the person as a result of such violation and additional damages in an amount not exceeding twice the amount of the actual damages.

Section 17. Duties of board and Office of State Ethics. Regulations. Advisory opinions. Section 1-92 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2017*):

[(a)] The Citizen's Ethics Advisory Board shall adopt regulations, in accordance with chapter 54, to carry out the purposes of this part. Such regulations shall not be deemed to govern the conduct of any judge trial referee in the performance of such judge trial referee's duties pursuant to this chapter. Not later than January 1, 1992, the board shall adopt regulations which further clarify the meaning of the terms "directly and personally received" and "major life event", as used in subdivision (5) of section 1-79 and subdivision (7) of section 1-91.

[(b)] The general counsel and staff of the Office of State Ethics shall compile and maintain an index of all reports and statements filed with the Office of State Ethics under the provisions of this part and advisory opinions and informal staff letters issued by the board with regard to the requirements of this part, to facilitate public

access to such reports, statements, letters and advisory opinions promptly upon the filing or issuance thereof.

(c) The general counsel and staff of the Office of State Ethics shall prepare quarterly and annual summaries of statements and reports filed with the Office of State Ethics and advisory opinions and informal staff letters issued by the Office of State Ethics.

(d) The general counsel and staff of the Office of State Ethics shall preserve advisory opinions and informal staff letters permanently and shall preserve memoranda, statements and reports filed by and with the Office of State Ethics for a period of five years from the date of receipt.

(e) Upon the concurring vote of a majority of its members present and voting, the board shall issue advisory opinions with regard to the requirements of this part or part III of this chapter, upon the request of any person, subject to the provisions of this part or part III of this chapter, and publish such advisory opinions in the Connecticut Law Journal. Advisory opinions rendered by the board, until amended or revoked, shall be binding on the board and shall be deemed to be final decisions of the board for purposes of appeal to the Superior Court, in accordance with the provisions of section 4-175 or 4-183. Any advisory opinion concerning any person subject to the provisions of this part or part III of this chapter who requested the opinion and who acted in reliance thereon, in good faith, shall be binding upon the board, and it shall be an absolute defense in any criminal action brought under the provisions of this part that the accused acted in reliance upon such advisory opinion.

(f) The Office of State Ethics shall report annually, prior to February fifteenth, to the Governor summarizing the activities of the Office of State Ethics.

(g) The Office of State Ethics shall employ necessary staff within available appropriations.]

Section 18. Citizen's Ethics Advisory Board. Qualifications. Restrictions. Subsection (d) of section 1-80 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2017*):

(d) The board shall elect a chairperson who shall, except as provided in subsection (b) of section 1-82 and subsection (b) of section 1-93, preside at meetings of the board and a vice-chairperson to preside in the absence of the chairperson. Six members of the board shall constitute a quorum. Except as provided in subdivision (3) of subsection (a) of section 1-81, as amended by this act, subsections (a) and (b) of section 1-82, subsection (b) of section 1-88, [subsection (e) of section 1-92,] subsections (a) and (b) of section 1-93 and subsection (b) of section 1-99, a majority vote of the members shall be required for action of the board. The chairperson or any three members may call a meeting.