OLR Bill Analysis

HB 6931

AN ACT CONCERNING CONFLICTS OF INTEREST DUE TO AN EMPLOYER OTHER THAN THE STATE UNDER THE STATE CODE OF ETHICS.

SUMMARY

The state Code of Ethics for Public Officials generally prohibits public officials (including elected state officials) and state employees from taking official action on a matter for which they have a substantial conflict of interest (see BACKGROUND). This bill expands what constitutes a substantial conflict of interest to include actions that a public official or state employee has reason to believe or expect will result in a direct monetary gain or loss to his or her nonstate employer or spouse's nonstate employer. Under existing law, unchanged by the bill, a substantial conflict of interest also exists if the official or employee has reason to believe or expect that their actions will result in a direct monetary gain or loss to themselves or a business with which they are associated.

For elected state officials, however, the bill also limits the circumstances when this substantial conflict of interest could arise. It does so by specifying that in matters concerning a business the official is associated with, or their or their spouse's nonstate employer, the official must have actual knowledge (rather than reason to believe or expect) that the business or nonstate employer will get a direct monetary gain or loss due to their actions.

For elected state officials who have a substantial conflict of interest involving their or their spouse's nonstate employers, the bill requires the officials to either recuse themselves or file a statement explaining why they may act despite the conflict.

As under existing law, a substantial conflict does not exist if the monetary gain or loss to the nonstate employer is no greater than the

gain or loss realized by any other member of the same profession, occupation, or group.

The bill similarly expands what constitutes a potential conflict of interest under the code to include actions taken by a public official (other than an elected state official) or state employee that would affect a financial interest of their or their spouse's nonstate employer. By law, officials and employees who have a potential conflict generally must either recuse themselves from taking official action or file a statement explaining why they can act despite the conflict.

EFFECTIVE DATE: October 1, 2025

SUBSTANTIAL CONFLICT

Current law prohibits public officials and state employees from taking official action on a matter for which they have a substantial conflict of interest. By deeming actions a public official (including an elected state official) or state employee has reason to believe will, or expects to, result in a direct monetary gain or loss to their or their spouse's nonstate employer as a substantial conflict of interest, the bill generally prohibits officials and employees from taking these actions.

For elected state officials under the bill, however, a substantial conflict of interest only exists if the official has actual knowledge that either a business the official is associated with, or their or their spouse's nonstate employer, will get a direct monetary gain or loss due to their actions. Under the bill, a business the official is associated with generally includes any business entity in which the official 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 at least 5% of the total outstanding stock (excluding nonprofit entities for which they are unpaid directors or officers).

If elected state officials have a substantial conflict of interest due to their or their spouse's nonstate employer, the bill requires them to either (1) recuse themselves from the matter or (2) prepare a written statement under penalty of false statement before acting on it. The statement must describe the matter requiring action, the potential conflict, and why, despite the conflict, the official is able to vote or otherwise participate fairly, objectively, and in the public interest. The official must submit the statement to the Office of State Ethics (OSE) and enter a copy of it into his or her agency's journal or minutes (or submit it to the agency if it does not have a journal or minutes). By law, a false statement is a class A misdemeanor, punishable by up to 364 days in prison, a fine of up to $2,000, or both (CGS § 53a-157b).

POTENTIAL CONFLICT

Under current law, a public official or state employee has a potential conflict of interest if their official duties require them to take action that would affect their own financial interest or that of their spouse, parent, sibling, child, or child's spouse (other than one of a minimal nature or that is not distinct from that of a substantial segment of the general public). The bill expands a potential conflict of interest to include those actions involving their or their spouse's nonstate employer.

As under the existing law for addressing potential conflicts of interest, if the official or employee is a member of a state regulatory agency, he or she must either (1) recuse himself or herself from the matter or (2) prepare a written statement as described above. The bill further requires that this statement be (1) prepared before taking official action and (2) submitted to the agency if it does not have a journal or minutes.

By law, officials and employees who are not members of a regulatory agency must prepare a written statement under penalty of false statement that describes the matter requiring action and the potential conflict. They must deliver a copy to (1) their immediate supervisor, who must reassign the matter, or (2) OSE if they do not have an immediate supervisor. In this case, the official or employee must take steps that OSE prescribes or advises.

BACKGROUND

"Public Officials" Under the Code of Ethics

Under the state Code of Ethics for Public Officials, a "public official" is any:

1. state-wide elected officer or officer-elect;
2. member or member-elect of the General Assembly;
3. person appointed to an office of the state government's legislative, judicial, or executive branch by the governor or his appointee, with or without the legislature's advice and consent;
4. public member or representative of the teachers' unions or state employees' unions appointed to the Investment Advisory Council;
5. person appointed or elected by the General Assembly or by any member of either legislative chamber;
6. member or director of a quasi-public agency; or
7. spouse of the governor.

Public officials under the code do not include advisory board members, judges of any court either elected or appointed, or senators or representatives in Congress (CGS § 1-79(11)).

COMMITTEE ACTION

Government Oversight Committee

Joint Favorable
Yea 9 Nay 0 (02/25/2025)