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## **OLR Bill Analysis**

### **sSB 323**

#### ***AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE OFFICE OF STATE ETHICS FOR REVISIONS TO THE STATE CODES OF ETHICS.***

#### **SUMMARY**

This bill makes several changes to the state Code of Ethics for Public Officials (see BACKGROUND). Primarily, it expands what constitutes a conflict of interest under the code 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 non-state employer or spouse's non-state employer (§§ 4 & 5). It also reduces (1) the quorum requirement from six to five for the nine-member Citizen's Ethics Advisory Board (the Office of State Ethics' (OSE) governing body) (§ 1) and (2) amends filing requirements for certain tax-sheltered annuity retirement plans (§ 2).

The code generally places certain limits on how public officials (including elected state officials) may take official action on a matter for which they have a conflict of interest (depending on whether it is a substantial or potential conflict). Under existing law, unchanged by the bill, a substantial conflict of interest 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, the bill also limits the circumstances when a substantial conflict of interest could arise. It does so by specifying that in matters concerning a business the official, or their or their spouse's non-state employer, is associated with, the official must have actual knowledge (rather than just reason to believe or expect) that the business or non-state employer will get a direct monetary gain or loss due to their actions.

As under existing law, a substantial conflict does not exist if the monetary gain or loss to the non-state employer is no greater than the gain or loss realized by any other member of the same profession, occupation, or group.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2026, except that the change to the board's quorum requirement is effective upon passage.

## **§ 2 — STATEMENTS OF FINANCIAL INTERESTS**

State law requires all state-wide elected officers, General Assembly members, department heads and deputies, quasi-public agency members or directors, Investment Advisory Council members, and other governor-designated officials to submit statements of financial interest with OSE.

By law, these statements must include, among other things, the name of securities with a fair market value over \$5,000 owned by the official or his or her spouse or dependent children, or held in the name of a corporation, partnership, or trust for their benefit. Under the bill, if these securities are a tax-sheltered annuity retirement plan under federal tax law (known as a "403(b) plan"), then only the name of the retirement savings plan must be disclosed and not the name of the securities. Current law makes a similar allowance for other savings plans allowed under federal tax law (for example, 401(k) retirement savings plans and 529 education savings plans).

## **§§ 4 & 5 — CONFLICTS OF INTEREST**

### ***Substantial Conflicts of Interest (§ 4)***

Current law prohibits public officials and state employees from taking official action on a matter for which they have a substantial or potential 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 non-state 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 non-state 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 a 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 non-state employer, the bill requires them to either (1) excuse themselves from the matter or (2) prepare a written statement on an OSE-provided form 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 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).

The bill also establishes procedures for these substantial conflicts involving all other public officials and state employees (see below).

### ***Potential Conflicts of Interest (§ 5)***

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 non-state employer.

As under the existing law for addressing potential conflicts of interest regarding family members, 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 signed under penalty of false statement. The bill further requires that this statement be (1) prepared before taking official action, (2) on an OSE-prepared form, and (3) 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 and have potential conflicts regarding family member 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, to take steps that the office prescribes or advises.

For substantial or potential conflicts involving a covered non-state employer, all officials and employees other than state elected officials must generally comply with the procedures established for state regulatory agency officials and employees described above (regarding either excusing themselves or preparing a written statement before taking action). However, the official's or employee's statement may additionally indicate that the official's or employee's supervisor directed them to continue working on the matter after the conflict was disclosed.

## **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 Substitute

Yea 12 Nay 0 (03/17/2026)