
OLR Bill Analysis

HB 5532

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE OFFICE OF STATE ETHICS FOR REVISIONS TO THE STATE CODES OF ETHICS AND INCREASING VARIOUS MONETARY THRESHOLDS IN SAID CODES.

SUMMARY

This bill makes numerous 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.

The bill also (1) establishes a nepotism standard; (2) adjusts disclosure requirements for tax-sheltered annuity retirement plans on public statements of financial interest; (3) raises the code's financial thresholds (for example, raises the dollar limit for an allowable gift); and (4) reduces the quorum requirement for the nine-member Citizen's Ethics Advisory Board (CEAB) from six to five (§ 1).

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 that the official, or their or their spouse's non-state employer, is associated with, the official must have

actual knowledge (rather than 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 quorum requirement change is effective upon passage.

§ 2 — STATEMENTS OF FINANCIAL INTERESTS

Existing 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 file statements of financial interest with the Office of State Ethics (OSE).

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 (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, 529 education savings plans).

§ 3 — NEPOTISM

The bill prohibits public officials and state employees from using their office or position or any confidential information they have received due to their office or position to cause the employment, appointment, promotion, transfer, or advancement of certain family members for state offices or positions. Specifically, this includes the

official's or employee's spouse, child, spouse's child, parent, or sibling. The prohibition also extends to (1) taking actions furthering the financial interest of these family members or (2) supervising, managing, or participating in the evaluation or discipline of them, except as allowed by law for close family members employed at the same higher education constituent unit.

Existing law already prohibits public officials and state employees from disclosing confidential information for the financial gain of these family members or generally taking actions that would affect their financial interests under the state's conflict of interest laws.

§§ 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) recuse 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 the agency 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 a 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. 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.

FINANCIAL THRESHOLDS

The state ethics codes generally prohibit public officials, candidates, and state employees from soliciting or accepting (and lobbyists from giving) various gifts if they are worth more than a certain amount. The codes also impose various prohibitions, requirements, and other conditions on certain items and actions if they are worth more than a certain amount.

The bill increases these financial thresholds in the ethics codes as shown in the table below. More specifically, it increases the thresholds that determine whether (1) something is a gift subject to various prohibitions under the codes and (2) other various prohibitions, requirements, and conditions apply to an item or action (for example, the minimum value of an expenditure that must be reported on client lobbyist registrant financial reports).

Table: Financial Thresholds Under Current Law and the Bill

| <i>Current Financial Threshold</i> | <i>Threshold Under the Bill</i> |
|------------------------------------|---------------------------------|
| \$10 | \$20 |
| 30 | 60 |
| 50 | 100 |
| 100 | 250 |
| 1,000 | 1,500 |

Gifts (§§ 7 & 9)

The bill increases the value thresholds that determine whether something is a "gift" subject to various prohibitions under the Code of Ethics for Public Officials (§ 7) or the Code of Ethics for Lobbyists (§ 9).

For example, the code for public officials generally prohibits public officials and state employees from (1) accepting a gift based on any understanding that their vote, official action, or judgment would be influenced by it; (2) knowingly accepting a gift from a known registered lobbyist; or (3) knowingly accepting a gift from someone who the official or employee knows is seeking to do business with their department or agency (CGS § 1-84(g), (j) & (m)). The code for lobbyists similarly prohibits registered lobbyists from knowingly giving a gift to a state employee or public official (CGS § 1-97(a)).

The table below shows a brief description of the covered gift and its value threshold under current law and the bill for determining whether it is exempted under the codes.

Table: Exempted Gift Thresholds Under Current Law and the Bill

| <i>Gift</i> | <i>Current Exempted Gift Value</i> | <i>Exempted Gift Value Under the Bill</i> |
|---|--|---|
| Certificate, plaque, or other ceremonial award | Less than \$100 | Less than \$250 |
| Food and beverages per recipient, per year, consumed at an occasion attended by the person paying for the food and beverages | Less than \$50 | Less than \$100 |
| Food and beverages per person consumed at a publicly noticed legislative reception for all legislators, or those from a particular state region, hosted once per year by a lobbyist or business organization | Less than \$50 | Less than \$100 |
| Gifts, including food and beverages, from someone who is not a family member to celebrate a major life event | \$1,000 or less | \$1,500 or less |
| Total gifts or food and beverages provided at a hospitality suite at a meeting or conference of an interstate legislative association, by someone who is not a registered lobbyist or doing business with Connecticut | Less than \$100 | Less than \$250 |
| Anything with a certain value | Less than \$10 for individual items and less than \$50 total value for all things provided by a donor to | Less than \$20 for individual items and less than \$100 total value for all things provided by a donor to |

| <i>Gift</i> | <i>Current Exempted Gift Value</i> | <i>Exempted Gift Value Under the Bill</i> |
|-------------|------------------------------------|---|
| | a recipient in a calendar year | a recipient in a calendar year |

Other Prohibitions, Requirements, and Conditions (§§ 3 & 8-15)

The bill also increases the financial thresholds that trigger various prohibitions, requirements, or other additional conditions. These include, for example, the value of a contract that a public official cannot enter into without an open and public process, or expenditure amounts that trigger certain reporting requirements. The table below shows the bill's threshold increases and a brief description of the applicable provision.

Table: Thresholds for Other Prohibitions, Requirements, and Conditions

| <i>Bill Section</i> | <i>Threshold Increase Under the Bill</i> | <i>Provision</i> |
|---------------------|---|--|
| 3 | From at least \$100 to at least \$250 | The value of most contracts that public officials and state employees (and members of their immediate families and associated businesses) cannot enter unless awarded through an open and public process |
| 3 | From greater than \$10 to greater than \$20 | The value of anything given to a public official or state employee that must be reported if it was given by a person (1) doing business, or seeking to, with the official's or employee's agency or (2) engaged in activities regulated by the agency |
| 8 | From at least \$50 to at least \$100 | The annual cost of an "expenditure" under the code for lobbyists if it is (1) paid communications on pending administrative or legislative action or (2) solicitations of another person to communicate with public officials or state employees to influence a legislative or administrative act (by law, expenditures are subject to various reporting requirements (for example, see CGS § 1-96)) |
| 10 | From less than \$50 to less than \$100 | The amount that someone may spend to benefit a public official in the legislative or executive branch without being considered a lobbyist (as long as they are not paid or reimbursed specifically for lobbying and spend five hours or less lobbying) |
| 11 | From up to \$100 to up to \$250 | The monthly amount that a client lobbyist registrant that attempts to influence legislative action may spend or agree to spend for lobbying without having to file an interim monthly report on its lobbying activities during regular legislative session |

| Bill Section | Threshold Increase Under the Bill | Provision |
|---------------------|--|--|
| 12 | From at least \$10 to at least \$20 | The value of each expenditure per person to benefit a legislative or executive branch public official that must be reported on client lobbyist registrant financial reports |
| 12 | From less than \$30 to less than \$60 | The amount of expenditures per person that do not have to be reported if they (1) benefit General Assembly members at an event open to all legislators or members of a particular region or (2) are personally and directly received by a public official or state employee at a charitable or civic event where they participate in their official capacity |
| 13 | From at least \$10 to at least \$20 | The amount of each expenditure to benefit a public official that a former registrant must report if it occurs within six months after the end of their registration |
| 14 | From at least \$10 to at least \$20 | The value of each expenditure to benefit a public official for which registrants must keep records for three years |
| 14 | From at least \$50 to at least \$100 | The value of all other expenditures for which registrants must keep records for three years |
| 15 | From at least \$10 to at least \$20 | The amount a registrant paid or reimbursed to a public official or state employee that triggers a requirement to file a statement with OSE |

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)).

Related Bill

sSB 323, reported favorably by the Government Oversight Committee, contains identical provisions concerning conflicts of interests, statements of financial interest, and the CEAB quorum requirement.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable

Yea 18 Nay 0 (03/20/2026)