



# House of Representatives

General Assembly

**File No. 409**

*February Session, 2004*

Substitute House Bill No. 5504

*House of Representatives, April 1, 2004*

The Committee on Government Administration and Elections reported through REP. O'ROURKE of the 32nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING LEGAL DEFENSE FUNDS ESTABLISHED BY OR ON BEHALF OF PUBLIC OFFICIALS OR STATE EMPLOYEES.***

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

1 Section 1. (NEW) (*Effective from passage*) (a) Any public official or  
2 state employee who establishes a legal defense fund, or for whom a  
3 legal defense fund has been established, shall file a report on said fund  
4 with the State Ethics Commission not later than the tenth day of  
5 January, April, July and October. Each such report shall include the  
6 following information for the preceding calendar quarter: (1) The  
7 names of the directors and officers of the fund, (2) the name of the  
8 depository institution for the fund, (3) an itemized accounting of each  
9 contribution to the fund, including the full name and complete address  
10 of each contributor and the amount of the contribution, and (4) an  
11 itemized accounting of each expenditure, including the full name and  
12 complete address of each payee and the amount and purpose of the  
13 expenditure. The public official or state employee shall sign each such

14 report under penalty of false statement.

15 (b) (1) In addition to the prohibitions on gifts under subsections (j)  
16 and (m) of section 1-84 of the general statutes, as amended, and  
17 subsection (a) of section 1-97 of the general statutes, no public official  
18 or state employee shall accept, directly or indirectly, any contribution  
19 to a legal defense fund established by or for the public official or state  
20 employee, from (A) a member of the immediate family of any person  
21 who is prohibited from giving a gift under subsection (j) or (m) of  
22 section 1-84 of the general statutes, as amended, or subsection (a) of  
23 section 1-97 of the general statutes, or (B) a person who is appointed by  
24 said public official or state employee to serve on a paid, full-time basis.  
25 No person described in subparagraph (A) or (B) of this subdivision  
26 shall make a contribution to such a legal defense fund, and no such  
27 person or any person prohibited from making a gift under subsection  
28 (j) or (m) of section 1-84 of the general statutes, as amended, or  
29 subsection (a) of section 1-97 of the general statutes shall solicit a  
30 contribution for such a legal defense fund.

31 (2) A public official or state employee may accept a contribution or  
32 contributions to a legal defense fund established by or for the public  
33 official or state employee from any other person, provided the total  
34 amount of such contributions from any such person in any calendar  
35 year shall not exceed five hundred dollars. No such person shall make  
36 a contribution or contributions to said legal defense fund exceeding  
37 five hundred dollars in any calendar year.

38 (3) Notwithstanding the provisions of subdivision (2) of this  
39 subsection, a public official or state employee may accept a  
40 contribution or contributions, in any amount, to a legal defense fund  
41 established by or for the public official or state employee from a  
42 relative of the public official or state employee or a person whose  
43 relationship with the public official or state employee is not dependent  
44 on the official's or employee's status as a public official or state  
45 employee. The factors that the State Ethics Commission shall consider  
46 in determining whether a person's relationship is so dependent shall

47 include, but not be limited to, whether the person may be able to  
48 benefit from the exercise of official authority of the public official or  
49 state employee and whether the person made gifts to the public official  
50 or state employee before the official or employee began serving in such  
51 office or position.

52 Sec. 2. Section 1-79 of the general statutes is repealed and the  
53 following is substituted in lieu thereof (*Effective from passage*):

54 The following terms, when used in this part and section 1 of this act,  
55 shall have the following meanings unless the context otherwise  
56 requires:

57 (a) "Blind trust" means a trust established by a public official or state  
58 employee or member of his immediate family for the purpose of  
59 divestiture of all control and knowledge of assets.

60 (b) "Business with which he is associated" means any sole  
61 proprietorship, partnership, firm, corporation, trust or other entity  
62 through which business for profit or not for profit is conducted in  
63 which the public official or state employee or member of his  
64 immediate family is a director, officer, owner, limited or general  
65 partner, beneficiary of a trust or holder of stock constituting five per  
66 cent or more of the total outstanding stock of any class, provided, a  
67 public official or state employee, or member of his immediate family,  
68 shall not be deemed to be associated with a not for profit entity solely  
69 by virtue of the fact that the public official or state employee or  
70 member of his immediate family is an unpaid director or officer of the  
71 not for profit entity. "Officer" refers only to the president, executive or  
72 senior vice president or treasurer of such business.

73 (c) "Candidate for public office" means any individual who has filed  
74 a declaration of candidacy or a petition to appear on the ballot for  
75 election as a public official, or who has raised or expended money in  
76 furtherance of such candidacy, or who has been nominated for  
77 appointment to serve as a public official, but shall not include a  
78 candidate for the office of senator or representative in Congress.

79 (d) "Commission" means the State Ethics Commission established in  
80 section 1-80, as amended.

81 (e) "Gift" means anything of value, which is directly and personally  
82 received, unless consideration of equal or greater value is given in  
83 return. "Gift" shall not include:

84 (1) A political contribution otherwise reported as required by law or  
85 a donation or payment as described in subdivision (9) or (10) of  
86 subsection (b) of section 9-333b;

87 (2) Services provided by persons volunteering their time;

88 (3) A commercially reasonable loan made on terms not more  
89 favorable than loans made in the ordinary course of business;

90 (4) A gift received from (A) an individual's spouse, fiance or fiancée,  
91 (B) the parent, brother or sister of such spouse or such individual, or  
92 (C) the child of such individual or the spouse of such child;

93 (5) Goods or services (A) which are provided to the state (i) for use  
94 on state property, or (ii) to support an event or the participation by a  
95 public official or state employee at an event, and (B) which facilitate  
96 state action or functions. As used in this subdivision, "state property"  
97 means (i) property owned by the state, or (ii) property leased to an  
98 agency in the Executive or Judicial Department of the state;

99 (6) A certificate, plaque or other ceremonial award costing less than  
100 one hundred dollars;

101 (7) A rebate, discount or promotional item available to the general  
102 public;

103 (8) Printed or recorded informational material germane to state  
104 action or functions;

105 (9) Food or beverage or both, costing less than fifty dollars in the  
106 aggregate per recipient in a calendar year, and consumed on an  
107 occasion or occasions at which the person paying, directly or

108 indirectly, for the food or beverage, or his representative, is in  
109 attendance;

110 (10) Food or beverage or both, costing less than fifty dollars per  
111 person and consumed at a publicly noticed legislative reception to  
112 which all members of the General Assembly are invited and which is  
113 hosted not more than once in any calendar year by a lobbyist or  
114 business organization. For the purposes of such limit, (A) a reception  
115 hosted by a lobbyist who is an individual shall be deemed to have also  
116 been hosted by the business organization which he owns or is  
117 employed by, and (B) a reception hosted by a business organization  
118 shall be deemed to have also been hosted by all owners and employees  
119 of the business organization who are lobbyists. In making the  
120 calculation for the purposes of such fifty-dollar limit, the donor shall  
121 divide the amount spent on food and beverage by the number of  
122 persons whom the donor reasonably expects to attend the reception;

123 (11) Food or beverage or both, costing less than fifty dollars per  
124 person and consumed at a publicly noticed reception to which all  
125 members of the General Assembly from a region of the state are  
126 invited and which is hosted not more than once in any calendar year  
127 by a lobbyist or business organization. For the purposes of such limit,  
128 (A) a reception hosted by a lobbyist who is an individual shall be  
129 deemed to have also been hosted by the business organization which  
130 he owns or is employed by, and (B) a reception hosted by a business  
131 organization shall be deemed to have also been hosted by all owners  
132 and employees of the business organization who are lobbyists. In  
133 making the calculation for the purposes of such fifty-dollar limit, the  
134 donor shall divide the amount spent on food and beverage by the  
135 number of persons whom the donor reasonably expects to attend the  
136 reception. As used in this subdivision, "region of the state" means the  
137 established geographic service area of the organization hosting the  
138 reception;

139 (12) A gift, including but not limited to, food or beverage or both,  
140 provided by an individual for the celebration of a major life event;

141 (13) Gifts costing less than one hundred dollars in the aggregate or  
142 food or beverage provided at a hospitality suite at a meeting or  
143 conference of an interstate legislative association, by a person who is  
144 not a registrant or is not doing business with the state of Connecticut;

145 (14) Admission to a charitable or civic event, including food and  
146 beverage provided at such event, but excluding lodging or travel  
147 expenses, at which a public official or state employee participates in  
148 his official capacity, provided such admission is provided by the  
149 primary sponsoring entity;

150 (15) Anything of value provided by an employer of (A) a public  
151 official, (B) a state employee, or (C) a spouse of a public official or state  
152 employee, to such official, employee or spouse, provided such benefits  
153 are customarily and ordinarily provided to others in similar  
154 circumstances; or

155 (16) Anything having a value of not more than ten dollars, provided  
156 the aggregate value of all things provided by a donor to a recipient  
157 under this subdivision in any calendar year shall not exceed fifty  
158 dollars.

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

161 (g) "Individual" means a natural person.

162 (h) "Member of an advisory board" means any individual (1)  
163 appointed by a public official as an advisor or consultant or member of  
164 a committee, commission or council established to advise, recommend  
165 or consult with a public official or branch of government or committee  
166 thereof, (2) who receives no public funds other than per diem  
167 payments or reimbursement for his actual and necessary expenses  
168 incurred in the performance of his official duties, and (3) who has no  
169 authority to expend any public funds or to exercise the power of the  
170 state.

171 (i) "Person" means an individual, sole proprietorship, trust,

172 corporation, limited liability company, union, association, firm,  
173 partnership, committee, club or other organization or group of  
174 persons.

175 (j) "Political contribution" has the same meaning as in section 9-333b  
176 except that for purposes of this part, the provisions of subsection (b) of  
177 that section shall not apply.

178 (k) "Public official" means any state-wide elected officer, any  
179 member or member-elect of the General Assembly, any person  
180 appointed to any office of the legislative, judicial or executive branch  
181 of state government by the Governor or an appointee of the Governor,  
182 with or without the advice and consent of the General Assembly, any  
183 public member or representative of the teachers' unions or state  
184 employees' unions appointed to the Investment Advisory Council  
185 pursuant to subsection (a) of section 3-13b, any person appointed or  
186 elected by the General Assembly or by any member of either house  
187 thereof, and any member or director of a quasi-public agency, but shall  
188 not include a member of an advisory board, a judge of any court either  
189 elected or appointed or a senator or representative in Congress.

190 (l) "Quasi-public agency" means the Connecticut Development  
191 Authority, Connecticut Innovations, Incorporated, Connecticut Health  
192 and Education Facilities Authority, Connecticut Higher Education  
193 Supplemental Loan Authority, Connecticut Housing Finance  
194 Authority, Connecticut Housing Authority, Connecticut Resources  
195 Recovery Authority, Connecticut Hazardous Waste Management  
196 Service, Lower Fairfield County Convention Center Authority, Capital  
197 City Economic Development Authority and Connecticut Port  
198 Authority.

199 (m) "State employee" means any employee in the executive,  
200 legislative or judicial branch of state government, whether in the  
201 classified or unclassified service and whether full or part-time, and any  
202 employee of a quasi-public agency, but shall not include a judge of any  
203 court, either elected or appointed.

204 (n) "Trust" means a trust in which any public official or state  
205 employee or member of his immediate family has a present or future  
206 interest which exceeds ten per cent of the value of the trust or exceeds  
207 fifty thousand dollars, whichever is less, but shall not include blind  
208 trusts.

209 (o) "Business organization" means a sole proprietorship,  
210 corporation, limited liability company, association, firm or partnership,  
211 other than a client lobbyist, which is owned by, or employs, one or  
212 more individual lobbyists.

213 (p) "Client lobbyist" means a person on behalf of whom lobbying  
214 takes place and who makes expenditures for lobbying and in  
215 furtherance of lobbying.

216 (q) "Necessary expenses" means a public official's or state  
217 employee's expenses for an article, appearance or speech or for  
218 participation at an event, in his official capacity, which shall be limited  
219 to necessary travel expenses, lodging for the nights before, of and after  
220 the appearance, speech or event, meals and any related conference or  
221 seminar registration fees.

222 (r) "Lobbyist" and "registrant" shall be construed as defined in  
223 section 1-91.

224 (s) "Legal defense fund" means a fund established for the payment  
225 of legal expenses of a public official or state employee incurred as a  
226 result of defending himself or herself in an administrative, civil,  
227 criminal or constitutional proceeding concerning matters related to the  
228 official's or employee's service or employment with the state or a  
229 quasi-public agency.

230 Sec. 3. Section 1-82 of the general statutes is repealed and the  
231 following is substituted in lieu thereof (*Effective from passage*):

232 (a) (1) Upon the complaint of any person on a form prescribed by  
233 the commission, signed under penalty of false statement, or upon its  
234 own complaint, the commission shall investigate any alleged violation

235 of this part or section 1 of this act. Not later than five days after the  
236 receipt or issuance of such complaint, the commission shall provide  
237 notice of such receipt or issuance and a copy of the complaint by  
238 registered or certified mail to any respondent against whom such  
239 complaint is filed and shall provide notice of the receipt of such  
240 complaint to the complainant. When the commission undertakes an  
241 evaluation of a possible violation of this part or section 1 of this act  
242 prior to the filing of a complaint by the commission, the subject of the  
243 evaluation shall be notified within five business days after a  
244 commission staff member's first contact with a third party concerning  
245 the matter.

246 (2) In the conduct of its investigation of an alleged violation of this  
247 part, the commission shall have the power to hold hearings, administer  
248 oaths, examine witnesses, receive oral and documentary evidence,  
249 subpoena witnesses under procedural rules adopted by the  
250 commission as regulations in accordance with the provisions of  
251 chapter 54 to compel attendance before the commission and to require  
252 the production for examination by the commission of any books and  
253 papers which the commission deems relevant in any matter under  
254 investigation or in question. In the exercise of such powers, the  
255 commission may use the services of the state police, who shall provide  
256 the same upon the commission's request. The commission shall make a  
257 record of all proceedings conducted pursuant to this subsection. Any  
258 witness summoned before the commission shall receive the witness fee  
259 paid to witnesses in the courts of this state. During the investigation  
260 the respondent shall have the right to appear and be heard and to offer  
261 any information which may tend to clear him of probable cause to  
262 believe he has violated any provision of this part or section 1 of this  
263 act. The respondent shall also have the right to be represented by legal  
264 counsel and to examine and cross-examine witnesses. Not later than  
265 ten days prior to the commencement of any hearing conducted  
266 pursuant to this subsection, the commission shall provide the  
267 respondent with a list of its intended witnesses. The commission shall  
268 make no finding that there is probable cause to believe the respondent  
269 is in violation of any provision of this part or section 1 of this act

270 except upon the concurring vote of four of its members.

271 (b) If a preliminary investigation indicates that probable cause exists  
272 for the violation of a provision of this part or section 1 of this act, the  
273 commission shall initiate hearings to determine whether there has been  
274 a violation of this part or section 1 of this act. A judge trial referee, who  
275 shall be assigned by the Chief Court Administrator and who shall be  
276 compensated in accordance with section 52-434 out of funds available  
277 to the commission, shall preside over such hearing and shall rule on all  
278 matters concerning the application of the rules of evidence, which shall  
279 be the same as in judicial proceedings. The trial referee shall have no  
280 vote in any decision of the commission. All hearings of the commission  
281 held pursuant to this subsection shall be open. At such hearing the  
282 commission shall have the same powers as under subsection (a) of this  
283 section and the respondent shall have the right to be represented by  
284 legal counsel, the right to compel attendance of witnesses and the  
285 production of books, documents, records and papers and to examine  
286 and cross-examine witnesses. Not later than ten days prior to the  
287 commencement of any hearing conducted pursuant to this subsection,  
288 the commission shall provide the respondent with a list of its intended  
289 witnesses. The judge trial referee shall, while engaged in the discharge  
290 of his duties as provided in this subsection, have the same authority as  
291 is provided in section 51-35 over witnesses who refuse to obey a  
292 subpoena or to testify with respect to any matter upon which such  
293 witness may be lawfully interrogated, and may commit any such  
294 witness for contempt for a period no longer than thirty days. The  
295 commission shall make a record of all proceedings pursuant to this  
296 subsection. The commission shall find no person in violation of any  
297 provision of this part or section 1 of this act except upon the  
298 concurring vote of five of its members. Not later than fifteen days after  
299 the public hearing conducted in accordance with this subsection, the  
300 commission shall publish its finding and a memorandum of the  
301 reasons therefor. Such finding and memorandum shall be deemed to  
302 be the final decision of the commission on the matter for the purposes  
303 of chapter 54. The respondent, if aggrieved by the finding and  
304 memorandum, may appeal therefrom to the Superior Court in

305 accordance with the provisions of section 4-183.

306 (c) If the commission finds, after a hearing pursuant to this section,  
307 that there is no probable cause to believe that a public official or state  
308 employee has violated a provision of this part or section 1 of this act or  
309 that a public official or state employee has not violated any such  
310 provision, or if a court of competent jurisdiction overturns a finding by  
311 the commission of a violation by such a respondent, the state shall pay  
312 the reasonable legal expenses of the respondent as determined by the  
313 Attorney General or by the court if appropriate. If any complaint  
314 brought under the provisions of this part or section 1 of this act is  
315 made with the knowledge that it is made without foundation in fact,  
316 the respondent shall have a cause of action against the complainant for  
317 double the amount of damage caused thereby and if the respondent  
318 prevails in such action, he may be awarded by the court the costs of  
319 such action together with reasonable attorneys' fees.

320 (d) No complaint may be made under this section except within  
321 three years next after the violation alleged in the complaint has been  
322 committed.

323 (e) No person shall take or threaten to take official action against an  
324 individual for such individual's disclosure of information to the  
325 commission under the provisions of this part. After receipt of  
326 information from an individual under the provisions of this part, the  
327 commission shall not disclose the identity of such individual without  
328 his consent unless the commission determines that such disclosure is  
329 unavoidable during the course of an investigation.

330 Sec. 4. Section 1-88 of the general statutes is repealed and the  
331 following is substituted in lieu thereof (*Effective from passage*):

332 (a) The commission, upon a finding made pursuant to section 1-82,  
333 as amended by this act, that there has been a violation of any provision  
334 of this part or section 1 of this act, shall have the authority to order the  
335 violator to do any or all of the following: (1) Cease and desist the  
336 violation of this part or section 1 of this act; (2) file any report,

337 statement or other information as required by this part or section 1 of  
338 this act; and (3) pay a civil penalty of not more than two thousand  
339 dollars for each violation of this part or section 1 of this act.

340 (b) Notwithstanding the provisions of subsection (a) of this section,  
341 the commission may, after a hearing conducted in accordance with  
342 sections 4-176e to 4-184, inclusive, upon the concurring vote of five of  
343 its members, impose a civil penalty not to exceed ten dollars per day  
344 upon any individual who fails to file any report, statement or other  
345 information as required by this part or section 1 of this act. Each  
346 distinct violation of this subsection shall be a separate offense and in  
347 case of a continued violation, each day thereof shall be deemed a  
348 separate offense. In no event shall the aggregate penalty imposed for  
349 such failure to file exceed two thousand dollars.

350 (c) The commission may also report its finding to the Chief State's  
351 Attorney for any action deemed necessary. The commission, upon a  
352 finding made pursuant to section 1-82 that a member or member-elect  
353 of the General Assembly has violated any provision of part I of chapter  
354 10, shall notify the appropriate house of the General Assembly, in  
355 writing, of its finding and the basis for such finding.

356 (d) Any person who knowingly acts in his financial interest in  
357 violation of section 1-84, as amended, 1-85, [or] 1-86 or section 1 of this  
358 act or any person who knowingly receives a financial advantage  
359 resulting from a violation of any of said sections shall be liable for  
360 damages in the amount of such advantage. If the commission  
361 determines that any person may be so liable, it shall immediately  
362 inform the Attorney General of that possibility.

363 (e) Any employee or member of the commission who, in violation of  
364 this part, discloses information filed in accordance with subparagraph  
365 (B) or subparagraph (F) of subdivision (1) of subsection (b) of section 1-  
366 83, shall be dismissed, if an employee, or removed from the  
367 commission, if a member.

368 Sec. 5. Section 1-89 of the general statutes is repealed and the

369 following is substituted in lieu thereof (*Effective from passage*):

370 (a) Any person who intentionally violates any provision of this part  
371 or section 1 of this act shall be imprisoned for a term not to exceed one  
372 year or shall be fined an amount not to exceed two thousand dollars,  
373 or both, provided no person may be found guilty of a violation of  
374 subsection (f) or (g) of section 1-84, as amended, and bribery or bribe  
375 receiving under section 53a-147, as amended, or 53a-148, as amended,  
376 upon the same incident, but such person may be charged and  
377 prosecuted for all or any of such offenses upon the same information.

378 (b) The penalties prescribed in this part shall not limit the power of  
379 either house of the legislature to discipline its own members or  
380 impeach a public official, and shall not limit the power of agencies or  
381 commissions to discipline their officials or employees.

382 (c) The Attorney General may bring a civil action against any person  
383 who may be liable for damages under the provisions of subsection (d)  
384 of section 1-88, as amended by this act. In any such action, the  
385 Attorney General may, in the discretion of the court, recover additional  
386 damages in an amount not exceeding twice the amount of the actual  
387 damages.

388 (d) Any fines, penalties or damages paid, collected or recovered  
389 under section 1-88, as amended by this act, or this section for a  
390 violation of any provision of this part or section 1 of this act applying  
391 to the office of the Treasurer shall be deposited on a pro rata basis in  
392 any trust funds, as defined in section 3-13c, affected by such violation.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>
Sec. 5	<i>from passage</i>

**GAE**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Ethics Com.	GF - None	None	None

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

This bill requires disclosure of legal defense funds established by or on behalf of public officials or state employees for legal expenses related to the official's or employee's service or employment with the state or a quasi-public agency. It codifies rulings of the State Ethics Commission prohibiting contributions to such funds from persons who could benefit from official action of such public officials or state employees and limits contributions to such funds from other persons to five hundred dollars per calendar year.

The bill requires officials and employees to submit to the Ethics Commission quarterly reports on their legal defense fund's directors and officers, depository institution, contributions, and expenditures. The bill gives the Ethics Commission the same authority with respect to legal defense funds that the law provides for violations of the code of ethics for public officials. The State Ethics Commission will be able to respond to the bill's requirements within existing agency resources.

**OLR Bill Analysis**

sHB 5504

**AN ACT CONCERNING LEGAL DEFENSE FUNDS ESTABLISHED BY OR ON BEHALF OF PUBLIC OFFICIALS OR STATE EMPLOYEES****SUMMARY:**

This bill allows certain individuals to contribute up to \$500 per year to a public official's or state employee's legal defense fund. It prohibits lobbyists and people doing business with the state from contributing to these funds, but allows unlimited contributions from the official's or employee's relatives and people whose relationship with the official or employee does not depend on his status as a public official or state employee.

The bill requires officials and employees to submit to the Ethics Commission quarterly reports on their legal defense fund's directors and officers, depository institution, contributions, and expenditures. And it gives the Ethics Commission the same authority with respect to violations of the legal defense fund provisions, including conducting investigations, determining violations, and imposing penalties, that the law provides for violations of the code of ethics for public officials.

EFFECTIVE DATE: Upon passage

**LEGAL DEFENSE FUNDS DEFINED**

The bill defines a legal defense fund as a fund established for paying a public official's or state employee's legal expenses incurred in defending himself in an administrative, civil, criminal, or constitutional proceeding on matters related to his service or employment with the state or a quasi-public agency.

**CONTRIBUTIONS**

In addition to existing gift restrictions for lobbyists and public officials in the ethics laws, the bill prohibits anyone who is a lobbyist, who seeks to do business with a public official's or state employee's

department or agency, or whom the official's or employee's department or agency directly regulates from soliciting a contribution to the official's or employee's legal defense fund. It also bars public officials and state employees from accepting, directly or indirectly, any contribution to their legal defense fund from (1) an immediate family member of a lobbyist or anyone acting on his behalf, (2) a person doing or seeking to do business with the official's or employee's department or agency, (3) a person engaged in activities the official's or agency's department or agency directly regulates, or (4) a person the official or employee appoints to serve on a paid, full-time basis.

The bill allows unlimited contributions by a public official's or state employee's relatives and people whose relationship with him does not depend on his status as a public official or state employee. It allows officials and employees to accept contributions to their legal defense fund from anyone else not prohibited from contributing, but limits these contributions to \$500 per person per year. The factors that the commission must consider in determining whether a relationship depends on an official's or employee's status must include whether the person may be able to benefit from the official's or employee's exercise of official authority and whether the person made gifts to the official or employee before he began serving in that capacity.

## **REPORTS**

The bill requires any public official or state employee who establishes a legal defense fund, or for whom such a fund is established, to file a quarterly report on the fund with the commission by the 10<sup>th</sup> of January, April, July, and October. These reports must include the following information for the preceding calendar quarter: (1) the names of the fund's directors and officers; (2) the name of the fund's depository institution; (3) an itemized accounting of each contribution to the fund, including each contributor's full name and address and the contribution amount; and (4) an itemized accounting of each fund expenditure, including each payee's full name and address and the expenditure's amount and purpose. The bill requires the public official or state employee to sign each report under penalty of false statement.

## **VIOLATIONS**

The bill requires the commission to investigate and hold hearings on

alleged violations of the bill's legal defense fund provisions in the same manner as it already does for violations of the code of ethics for public officials. It also gives the commission the same authority to act on violations of the legal defense fund provisions that it already enjoys for violations of the code of ethics for public officials. And it imposes the same penalties for intentional legal defense fund violations as the law imposes for intentional violations of the code of ethics for public officials.

**COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 12    Nay 5