



Senate

General Assembly

File No. 30

February Session, 2004

Substitute Senate Bill No. 22

Senate, March 11, 2004

The Committee on Government Administration and Elections reported through SEN. DEFRONZO of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT EXTENDING PROVISIONS OF THE STATE CODE OF ETHICS FOR LOBBYISTS TO MUNICIPAL LOBBYISTS.

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

1 Section 1. (NEW) (*Effective January 1, 2005*) As used in sections 1 to
2 16, inclusive, of this act, unless the context otherwise requires:

3 (1) "Administrative action" means any action or nonaction of any
4 agency of a municipality with respect to the proposal, drafting,
5 development, consideration, amendment, adoption or repeal of any
6 rule, regulation, ordinance, referendum, budget or utility rate, and any
7 action or nonaction of any agency, regarding a contract, grant, award,
8 purchasing agreement, loan, bond, certificate, license, permit or any
9 other matter which is within the official jurisdiction or cognizance of
10 such an agency.

11 (2) "Business organization" means a sole proprietorship,
12 corporation, limited liability company, association, firm or partnership,

13 other than a client lobbyist, which is owned by, or employs one or
14 more individual lobbyists.

15 (3) "Candidate for municipal office" means any person who has filed
16 a declaration of candidacy or a petition to appear on the ballot for
17 election as a municipal official, or who has raised or expended money
18 in furtherance of such candidacy, or who has been nominated for
19 appointment to serve as a municipal official.

20 (4) "Client lobbyist" means a lobbyist on behalf of whom lobbying
21 takes place and who makes expenditures for lobbying and in
22 furtherance of lobbying.

23 (5) "Commission" means the State Ethics Commission established
24 under section 1-80 of the general statutes, as amended.

25 (6) "Communicator lobbyist" means a lobbyist who communicates
26 directly or solicits others to communicate with an official or such
27 official's staff in a municipality for the purpose of influencing
28 legislative or administrative action.

29 (7) "Compensation" means any value received or to be received by a
30 person acting as a lobbyist, whether in the form of a fee, salary or
31 forbearance.

32 (8) "Expenditure" means any advance, conveyance, deposit,
33 distribution, transfer of funds, loan, payment, unless expressly
34 excluded; any payments for telephone, mailing, postage, printing and
35 other clerical or office services and materials; any paid
36 communications, costing fifty dollars or more in any calendar year,
37 disseminated by means of any printing, broadcasting or other
38 medium, provided such communications refer to pending
39 administrative or legislative action; any contract, agreement, promise
40 or other obligation; any solicitation or solicitations, costing fifty dollars
41 or more in the aggregate for any calendar year, of other persons to
42 communicate with a municipal official or municipal employee for the
43 purpose of influencing any legislative or administrative act and any

44 pledge, subscription of money or anything of value. "Expenditure"
45 shall not include the payment of a registrant's fee pursuant to section 6
46 of this act, any expenditure made by any club, committee, partnership,
47 organization, business, union, association or corporation for the
48 purpose of publishing a newsletter or other release to its members,
49 shareholders or employees, or contributions, membership dues or
50 other fees paid to associations, nonstock corporations or tax-exempt
51 organizations under Section 501(c) of the Internal Revenue Code of
52 1986, or any subsequent corresponding internal revenue code of the
53 United States, as from time to time amended.

54 (9) "Gift" means anything of value, which is directly and personally
55 received, unless consideration of equal or greater value is given in
56 return. "Gift" shall not include:

57 (A) A political contribution otherwise reported as required by law
58 or a donation or payment described in subdivision (9) or (10) of
59 subsection (b) of section 9-333b of the general statutes;

60 (B) Services provided by persons volunteering their time;

61 (C) A commercially reasonable loan made on terms not more
62 favorable than loans made in the ordinary course of business;

63 (D) A gift received from (i) the individual's spouse, fiance or fiancée,
64 (ii) the parent, brother or sister of such spouse or such individual, or
65 (iii) the child of such individual or the spouse of such child;

66 (E) Goods or services (i) which are provided to a municipality (I) for
67 use on municipal property, or (II) to support an event or the
68 participation by a municipal official or municipal employee at an
69 event, and (ii) which facilitate municipal action or functions. As used
70 in this subdivision, "municipal property" means property owned or
71 leased by the municipality;

72 (F) A certificate, plaque or other ceremonial award costing less than
73 one hundred dollars;

74 (G) A rebate, discount or promotional item available to the general
75 public;

76 (H) Printed or recorded informational material germane to
77 municipal action or functions;

78 (I) Food or beverage or both, costing less than fifty dollars in the
79 aggregate per recipient in a calendar year, and consumed on an
80 occasion or occasions at which the person paying, directly or
81 indirectly, for the food or beverage, or the person's representative, is in
82 attendance;

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

85 (K) Gifts costing less than one hundred dollars in the aggregate or
86 food or beverage provided at a hospitality suite at a meeting or
87 conference of an interstate municipal association, by a person who is
88 not a registrant or is not doing business with the state of Connecticut;

89 (L) Admission to a charitable or civic event, including food and
90 beverage provided at such event, but excluding lodging or travel
91 expenses, at which a municipal official or municipal employee
92 participates in such official's or employee's official capacity, provided
93 such admission is provided by the primary sponsoring entity;

94 (M) Anything of value provided by an employer of (i) a municipal
95 official, (ii) a municipal employee, or (iii) a spouse of a municipal
96 official or municipal employee, to such official, employee or spouse,
97 provided such benefits are customarily and ordinarily provided to
98 others in similar circumstances; or

99 (N) Anything having a value of not more than ten dollars, provided
100 the aggregate value of all things provided by a donor to a recipient
101 under this subdivision in any calendar year shall not exceed fifty
102 dollars.

103 (10) "Immediate family" means any spouse, dependent children or

104 dependent relatives who reside in the individual's household.

105 (11) "Individual" means a natural person.

106 (12) "Legislative action" means introduction, sponsorship,
107 consideration, debate, amendment, passage, defeat, approval, veto,
108 overriding of a veto or any other official action or nonaction with
109 regard to any rule, regulation, ordinance, referendum, budget,
110 measure, resolution, amendment, nomination, appointment, report, or
111 any other matter pending or proposed in a legislative body of a
112 municipality, or any matter which is within the official jurisdiction or
113 cognizance of such legislative body.

114 (13) "Lobbying" means communicating directly or soliciting others
115 to communicate with any official or such official's staff in a
116 municipality, for the purpose of influencing any legislative or
117 administrative action except that the term "lobbying" does not include
118 (A) communications by or on behalf of a party to, or an intervenor in, a
119 contested case, as defined in regulations adopted by the commission in
120 accordance with the provisions of chapter 54 of the general statutes,
121 before a municipality, (B) communications by a representative of a
122 vendor or by an employee of the client lobbyist which representative
123 or employee acts as a salesperson and does not otherwise engage in
124 lobbying regarding any administrative action, (C) communications by
125 an attorney made while engaging in the practice of law and regarding
126 any matter other than legislative action or the proposal, drafting,
127 development, consideration, amendment, adoption or repeal of any
128 rule, regulation, ordinance, referendum or budget, (D)
129 notwithstanding the provisions of subparagraph (C) of this
130 subdivision, communications by an attorney, made while engaging in
131 the practice of law, with any official or staff of any agency of the
132 municipality having responsibility for land use decisions or the
133 legislative body of the municipality, concerning legislative action or
134 the proposal, drafting, development, consideration, amendment,
135 adoption or repeal of any rule, regulation, ordinance, referendum or
136 budget, with regard to a land use matter before such agency or

137 legislative body, or (E) other communications exempted by regulations
138 adopted by the commission in accordance with the provisions of
139 chapter 54 of the general statutes.

140 (14) "Lobbyist" means a person who in lobbying and in furtherance
141 of lobbying, with regard to a single municipality, makes or agrees to
142 make expenditures, or receives or agrees to receive compensation,
143 reimbursement, or both, and such compensation, reimbursement or
144 expenditures for a single municipality are two thousand dollars or
145 more in any calendar year or the combined amount thereof for a single
146 municipality is two thousand dollars or more in any such calendar
147 year. Lobbyist shall not include:

148 (A) A municipal official or municipal employee, or such official's or
149 employee's designee other than an independent contractor, who is
150 acting within the scope of such official's, employee's or designee's
151 authority or employment;

152 (B) A publisher, owner or an employee of the press, radio or
153 television while disseminating news or editorial comment to the
154 general public in the ordinary course of business;

155 (C) An individual representing such individual or another person
156 before the municipality other than for the purpose of influencing
157 legislative or administrative action;

158 (D) Any individual or employee who receives no compensation or
159 reimbursement specifically for lobbying and who limits such
160 individual's or employee's activities solely to formal appearances to
161 give testimony before public sessions of the legislative body of a
162 municipality and who, if such individual or employee testifies,
163 registers such individual's or employee's appearance in the records of
164 the legislative body;

165 (E) A member of an advisory board acting within the scope of such
166 member's appointment;

167 (F) Any person who receives no compensation or reimbursement

168 specifically for lobbying and who spends no more than five hours
169 lobbying or in furtherance of lobbying, unless such person, exclusive
170 of salary, receives compensation or makes expenditures, or both, of
171 two thousand dollars or more in any calendar year for lobbying or the
172 combined amount thereof is two thousand dollars or more in any such
173 calendar year;

174 (G) A communicator lobbyist who receives or agrees to receive
175 compensation, reimbursement, or both, the aggregate amount of which
176 is less than two thousand dollars from each client in any calendar year;

177 (H) A public official or state employee, as defined in section 1-79 of
178 the general statutes, other than an independent contractor, who is
179 acting within the scope of his or her authority or employment; or

180 (I) A senator or representative in Congress acting within the scope
181 of such senator's or representative's office.

182 (15) "Member of an advisory board" means any person appointed by
183 a municipal official as an advisor or consultant or member of a
184 committee, commission or council established to advise, recommend
185 or consult with a municipal official or a branch of municipal
186 government or a committee thereof and who receives no public funds
187 other than per diem payments or reimbursement for such person's
188 actual and necessary expenses incurred in the performance of such
189 person's official duties and who has no authority to expend any public
190 funds or to exercise the power of a municipality.

191 (16) "Municipal official" means any elected municipal officer or any
192 person appointed to any office of a municipality.

193 (17) "Municipal employee" means any employee of a municipality,
194 whether in the classified or unclassified service and whether full or
195 part-time.

196 (18) "Municipality" means any city, town, borough, municipal
197 corporation, municipal authority, school district, regional district,
198 metropolitan district or other district.

199 (19) "Person" means an individual, a business, corporation, limited
200 liability company, union, association, firm, partnership, committee,
201 club or other organization or group of persons.

202 (20) "Political contribution" has the same meaning as in section 9-
203 333b of the general statutes except that for purposes of sections 1 to 16,
204 inclusive, of this act, the provisions of subsection (b) of section 9-333b
205 of the general statutes shall not apply.

206 (21) "Registrant" means a person who is required to register
207 pursuant to section 5 of this act.

208 (22) "Reimbursement" means any money or thing of value received
209 or to be received in the form of payment for expenses as a lobbyist, not
210 including compensation.

211 Sec. 2. (NEW) (*Effective January 1, 2005*) The State Ethics Commission
212 shall:

213 (1) Adopt regulations in accordance with chapter 54 of the general
214 statutes to carry out the purposes of sections 1 to 16, inclusive, of this
215 act. The commission shall adopt regulations which further clarify the
216 meaning of the terms "directly and personally received" and "major life
217 event", as used in section 1 of this act;

218 (2) Compile and maintain an index of all reports and statements
219 filed with the commission under the provisions of sections 1 to 16,
220 inclusive, of this act and advisory opinions issued by the commission
221 with regard to the requirements of said sections, to facilitate public
222 access to such reports, statements and advisory opinions promptly
223 upon the filing or issuance thereof;

224 (3) Prepare quarterly and annual summaries of statements and
225 reports filed with the commission and advisory opinions issued by the
226 commission;

227 (4) Preserve advisory opinions permanently and preserve
228 memoranda filed under subsection (f) of section 4 of this act,

229 statements and reports filed by and with the commission for a period
230 of five years from the date of receipt;

231 (5) Upon the concurring vote of four of its members, issue advisory
232 opinions with regard to the requirements of this part, upon the request
233 of any person, subject to the provisions of sections 1 to 16, inclusive, of
234 this act, and publish such advisory opinions in the Connecticut Law
235 Journal. Advisory opinions rendered by the commission, until
236 amended or revoked, shall be binding on the commission and shall be
237 deemed to be final decisions of the commission for purposes of section
238 14 of this act. Any advisory opinion concerning any person subject to
239 the provisions of sections 1 to 16, inclusive, of this act who requested
240 the opinion and who acted in reliance thereon, in good faith, shall be
241 binding upon the commission, and it shall be an absolute defense in
242 any criminal action brought under the provisions of said sections that
243 the accused acted in reliance upon such advisory opinion;

244 (6) Report annually, prior to February fifteenth, to the Governor
245 summarizing the activities of the commission concerning sections 1 to
246 16, inclusive, of this act;

247 (7) Employ necessary staff within available appropriations to carry
248 out the purposes of sections 1 to 16, inclusive, of this act.

249 Sec. 3. (NEW) (*Effective January 1, 2005*) (a) (1) Upon the complaint of
250 any person on a form prescribed by the State Ethics Commission,
251 signed under penalty of false statement, or upon its own complaint,
252 the commission shall investigate any alleged violation of sections 1 to
253 16, inclusive, of this act. Not later than five days after the receipt or
254 issuance of such complaint, the commission shall provide notice of
255 such receipt or issuance and a copy of the complaint by registered or
256 certified mail to any respondent against whom such complaint is filed
257 and shall provide notice of the receipt of such complaint to the
258 complainant. When the commission undertakes an evaluation of a
259 possible violation of sections 1 to 16, inclusive, of this act prior to the
260 filing of a complaint by the commission, the subject of the evaluation
261 shall be notified within five business days after a commission staff

262 member's first contact with a third party concerning the matter.

263 (2) In the conduct of its investigation of an alleged violation of
264 sections 1 to 16, inclusive, of this act, the commission shall have the
265 power to hold hearings, administer oaths, examine witnesses, receive
266 oral and documentary evidence, subpoena witnesses under procedural
267 rules adopted by the commission as regulations in accordance with the
268 provisions of chapter 54 of the general statutes to compel attendance
269 before the commission and to require the production for examination
270 by the commission of any document or physical evidence that the
271 commission deems relevant in any matter under investigation or in
272 question. In the exercise of such powers, the commission may use the
273 services of the state police, who shall provide the same upon the
274 commission's request. The commission shall make a record of all
275 proceedings conducted pursuant to this subsection. Any witness
276 summoned before the commission shall receive the witness fee paid to
277 witnesses in the courts of this state. The respondent shall have the
278 right to appear and be heard and to offer any information which may
279 tend to clear the respondent of probable cause to believe that the
280 respondent has violated any provision of sections 1 to 16, inclusive, of
281 this act. The respondent shall also have the right to be represented by
282 legal counsel and to examine and cross-examine witnesses. Not later
283 than ten days prior to the commencement of any hearing conducted
284 pursuant to this subsection, the commission shall provide the
285 respondent with a list of its intended witnesses. The commission shall
286 make no finding that there is probable cause to believe the respondent
287 is in violation of sections 1 to 16, inclusive, of this act, except upon the
288 concurring vote of four of its members.

289 (b) If a preliminary investigation indicates that probable cause exists
290 for the violation of a provision of sections 1 to 16, inclusive, of this act,
291 the commission shall initiate hearings to determine whether there has
292 been a violation of said sections. A judge trial referee, who shall be
293 assigned by the Chief Court Administrator and who shall be
294 compensated in accordance with section 52-434 of the general statutes
295 out of funds available to the commission, shall preside over such

296 hearing and shall rule on all matters concerning the application of the
297 rules of evidence, which shall be the same as in judicial proceedings.
298 The trial referee shall have no vote in any decision of the commission.
299 All hearings of the commission held pursuant to this subsection shall
300 be open. At such hearing the commission shall have the same powers
301 as under subsection (a) of this section and the respondent shall have
302 the right to be represented by legal counsel, the right to compel
303 attendance of witnesses and the production of books, documents,
304 records and papers and to examine and cross-examine witnesses. Not
305 later than ten days prior to the commencement of any hearing
306 conducted pursuant to this subsection, the commission shall provide
307 the respondent with a list of its intended witnesses. The judge trial
308 referee shall, while engaged in the discharge of the judge trial referee's
309 duties as provided in this subsection, have the same authority as is
310 provided in section 51-35 of the general statutes over witnesses who
311 refuse to obey a subpoena or to testify with respect to any matter upon
312 which such witness may be lawfully interrogated, and may commit
313 any such witness for contempt for a period no longer than thirty days.
314 The commission shall make a record of all proceedings pursuant to
315 this subsection. The commission shall find no person in violation of
316 any provision of sections 1 to 16, inclusive, of this act except upon the
317 concurring vote of five of its members. Not later than fifteen days after
318 the public hearing conducted in accordance with this subsection, the
319 commission shall publish its finding and a memorandum of the
320 reasons for such finding. Such finding and memorandum shall be
321 deemed to be the final decision of the commission on the matter for the
322 purposes of chapter 54 of the general statutes. The respondent, if
323 aggrieved by the finding and memorandum, may appeal therefrom to
324 the Superior Court in accordance with the provisions of section 4-183
325 of the general statutes.

326 (c) If any complaint brought under the provisions of sections 1 to 16,
327 inclusive, of this act is made with the knowledge that it is made
328 without foundation in fact, the respondent shall have a cause of action
329 against the complainant for double the amount of damage caused
330 thereby and if the respondent prevails in such action, the respondent

331 may be awarded by the court the costs of such action together with
332 reasonable attorneys' fees.

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

336 (e) No person shall take or threaten to take official action against an
337 individual for such individual's disclosure of information to the
338 commission under the provisions of sections 1 to 16, inclusive, of this
339 act. After receipt of information from an individual under the
340 provisions of sections 1 to 16, inclusive, of this act, the commission
341 shall not disclose the identity of such individual without the
342 individual's consent unless the commission determines that such
343 disclosure is unavoidable during the course of an investigation.

344 Sec. 4. (NEW) (*Effective January 1, 2005*) (a) Unless the State Ethics
345 Commission makes a finding of probable cause, a complaint alleging a
346 violation of sections 1 to 16, inclusive, of this act shall be confidential
347 except upon the request of the respondent. A commission evaluation
348 of a possible violation of said sections undertaken prior to a complaint
349 being filed by the commission shall be confidential except upon the
350 request of the subject of the evaluation. If the evaluation is
351 confidential, no information supplied to or received from the
352 commission shall be disclosed to any third party by a subject of the
353 evaluation, a person contacted for the purpose of obtaining
354 information or by a commission or staff member. No provision of this
355 subsection shall prevent the commission from reporting the possible
356 commission of a crime to the Chief State's Attorney or other
357 prosecutorial authority.

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

364 (c) Not later than three business days after the termination of the
365 investigation, the commission shall inform the complainant and the
366 respondent of its finding and provide them a summary of its reasons
367 for making that finding. The commission shall publish its finding upon
368 the respondent's request and may also publish a summary of its
369 reasons for making such finding.

370 (d) If the commission makes a finding of no probable cause, the
371 complaint and the record of its investigation shall remain confidential,
372 except upon the request of the respondent and except that some or all
373 of the record may be used in subsequent proceedings. No complainant,
374 respondent, witness, designated party, or commission or staff member
375 shall disclose to any third party any information learned from the
376 investigation, including knowledge of the existence of a complaint,
377 which the disclosing party would not otherwise have known. If such a
378 disclosure is made, the commission may, after consultation with the
379 respondent if the respondent is not the source of the disclosure,
380 publish its finding and a summary of its reasons therefor.

381 (e) The commission shall make public a finding of probable cause
382 not later than five business days after the termination of the
383 investigation. At such time the entire record of the investigation shall
384 become public, except that the commission may postpone examination
385 or release of such public records for a period not to exceed fourteen
386 days for the purpose of reaching a stipulation agreement pursuant to
387 subsection (c) of section 4-177 of the general statutes.

388 Sec. 5. (NEW) (*Effective January 1, 2005*) (a) A lobbyist shall register
389 with the State Ethics Commission pursuant to section 6 of this act for
390 lobbying a municipality if the lobbyist:

391 (1) Receives or agrees to receive compensation or reimbursement for
392 actual expenses, or both, in a combined amount of two thousand
393 dollars or more in a calendar year for lobbying said municipality,
394 whether that receipt of compensation or reimbursement or agreement
395 to receive such compensation or reimbursement is solely for lobbying
396 or the lobbying is incidental to that person's regular employment; or

397 (2) Makes or incurs an obligation to make expenditures of two
398 thousand dollars or more in a calendar year for lobbying said
399 municipality.

400 (b) A lobbyist shall register separately with the commission for each
401 municipality for which the lobbyist meets the threshold requirement
402 for registering under subsection (a) of this section.

403 (c) A person who is a lobbyist pursuant to part II of chapter 10 of the
404 general statutes and is required to register with the commission
405 pursuant to section 1-94 of the general statutes shall register separately
406 with the commission for each municipality for which the lobbyist
407 meets the threshold requirement for registering under subsection (a) of
408 this section.

409 Sec. 6. (NEW) (*Effective January 1, 2005*) (a) Each registrant shall file
410 annually with the State Ethics Commission on a separate registration
411 form for each municipality for which the registrant meets the threshold
412 requirement for registering under subsection (a) of section 5 of this act.
413 The registrant shall sign each such form under penalty of false
414 statement and file such forms with the commission on or before
415 January fifteenth or prior to the commencement of lobbying,
416 whichever is later. If the registrant is not an individual, an authorized
417 officer or agent of the registrant shall sign each form. Such registration
418 or registrations shall be on a form prescribed by the commission and
419 shall include:

420 (1) If the registrant is an individual, the registrant's name,
421 permanent address and temporary address while lobbying and the
422 name, address and nature of business of any person who compensates
423 or reimburses, or agrees to compensate or reimburse the registrant and
424 the terms of the compensation, reimbursement or agreement, but shall
425 not include the compensation paid to an employee for the employee's
426 involvement in activities other than lobbying;

427 (2) If the registrant is a corporation, the name, address, place of
428 incorporation and the principal place of business of the corporation;

429 (3) If the registrant is an association, group of persons or an
430 organization, the name and address of the principal officers and
431 directors of such association, group of persons or organization. If the
432 registrant is formed primarily for the purpose of lobbying, it shall
433 disclose the name and address of any person contributing two
434 thousand dollars or more to the registrant's lobbying activities in any
435 calendar year;

436 (4) If the registrant is not an individual, the name and address of
437 each individual who will lobby on the registrant's behalf; and

438 (5) The name of the municipality that the registrant is lobbying and
439 the identification, with reasonable particularity, of areas of legislative
440 action or administrative action on which the registrant expects to
441 lobby.

442 (b) Each registrant shall pay a reasonable fee not in excess of the cost
443 of administering the first registration form filed by the registrant under
444 subsection (a) of this section in a calendar year, plus the cost of
445 collecting, filing, copying and distributing the information filed by
446 registrants under section 7 of this act, but not less than twenty-five
447 dollars. A registrant filing more than one such registration form during
448 a calendar year shall not be required to pay more than one such fee in
449 such year.

450 (c) Each registrant shall file a notice of termination within thirty
451 days after the registrant ceases the activity that required registration,
452 provided the registrant does not intend to resume the activity during
453 the annual period for which the registrant is registered. The
454 termination of a registration shall not relieve the registrant of the
455 reporting requirements of section 7 of this act for the period preceding
456 the date that the registrant's notice of termination is received by the
457 commission or for the period commencing on such date and ending on
458 December thirty-first of the year in which termination occurs.

459 Sec. 7. (NEW) (*Effective January 1, 2005*) (a) Each client lobbyist
460 registrant shall file with the State Ethics Commission between the first

461 and tenth day of April, July, October and January a financial report,
462 signed under penalty of false statement. Each report shall cover its
463 lobbying activities during the previous calendar quarter. If the client
464 lobbyist registrant is not an individual, an authorized officer or agent
465 of the client lobbyist registrant shall sign the form.

466 (b) Each individual communicator lobbyist registrant and each
467 business organization communicator lobbyist registrant shall file with
468 the commission between the first and tenth day of January a report or
469 reports, signed under penalty of false statement, reporting the
470 amounts of compensation and reimbursement received from each of
471 the registrant's clients during the previous year. In addition, each
472 individual communicator lobbyist registrant and each business
473 organization communicator lobbyist registrant shall: (1) Report the
474 fundamental terms of contracts, agreements or promises to pay or
475 receive compensation or reimbursement or to make expenditures in
476 furtherance of lobbying, including the categories of work to be
477 performed and the dollar value or compensation rate of the contract, at
478 the time of registration; (2) report, in accordance with the schedule set
479 forth in subsection (a) of this section, any amendments to these
480 fundamental terms, including any agreements to subcontract lobbying
481 work; and (3) report, in accordance with the schedule set forth in
482 subsection (a) of this section, any expenditures for the benefit of a
483 municipal official or a member of the staff or immediate family of the
484 municipal official that are unreimbursed and required to be itemized.
485 Such report shall not include the disclosure of food and beverage
486 provided by a communicator lobbyist registrant to a municipal official
487 or a member of the municipal official's staff or immediate family at a
488 major life event, as defined by the commission, of the registrant. All
489 such information shall be reported under penalty of false statement.

490 (c) An individual communicator lobbyist registrant shall file a
491 separate report for each person from whom the registrant received
492 compensation or reimbursement. Notwithstanding any provision of
493 this subsection to the contrary, a business organization to which one or
494 more individual communicator lobbyist registrants belongs may file a

495 single report for each client lobbyist in lieu of any separate reports that
496 individual registrants are required to file pursuant to this subsection.

497 (d) Each registrant who files a notice of termination under
498 subsection (c) of section 6 of this act shall file with the commission a
499 financial report, under penalty of false statement, between the first and
500 tenth day of January of the year following termination.

501 (e) Each client lobbyist registrant financial report shall be on a form
502 prescribed by the commission and shall state expenditures made and
503 the fundamental terms of contracts, agreements or promises to pay
504 compensation or reimbursement or to make expenditures in
505 furtherance of lobbying. Any such fundamental terms shall be
506 reported once in the quarterly or post-termination report next
507 following the entering into of such contract. Such financial report shall
508 include an itemized statement of each expenditure of ten dollars or
509 more per person for each occasion made by the reporting registrant or
510 a group of registrants that includes the reporting registrant for the
511 benefit of a municipal official or a member of the municipal official's
512 staff or immediate family, itemized by date, beneficiary, amount and
513 circumstances of the transaction. The requirement of an itemized
514 statement shall not apply to an expenditure made by a reporting
515 registrant or a group of registrants which includes the reporting
516 registrant for benefits personally and directly received by a municipal
517 official or municipal employee at a charitable or civic event at which
518 the municipal official or municipal employee participates in such
519 official's or employee's official capacity, unless the expenditure is thirty
520 dollars or more per person, per event. If the compensation is required
521 to be reported for an individual whose lobbying is incidental to such
522 individual's regular employment, it shall be sufficient to report a
523 prorated amount based on the value of the time devoted to lobbying.
524 On the first financial report following registration each client lobbyist
525 registrant shall include any expenditures incident to lobbying activities
526 that were received or expended prior to registration and not
527 previously reported to the commission.

528 (f) The commission shall, by regulations adopted in accordance with
529 chapter 54 of the general statutes, establish minimum amounts for each
530 item required to be reported, below which reporting may be made in
531 the aggregate. The provisions of this subsection shall not apply to
532 expenditures made for the benefit of a municipal official or a member
533 of such person's staff or immediate family.

534 (g) Each former registrant shall (1) report receipts or expenditures
535 incident to lobbying activities during the former registrant's period of
536 registration that are received or expended following termination of
537 registration, and (2) report each expenditure of ten dollars or more per
538 person for each occasion made by the former registrant for the benefit
539 of a municipal official or a member of such official's immediate family
540 or staff that occurs within six months after termination of registration.

541 (h) The commission shall, within thirty days after receipt of a
542 financial report that contains the name of a municipal official or a
543 member of such official's staff or immediate family, send a written
544 notice to such official, of the filing of the report and the name of the
545 person who filed it.

546 Sec. 8. (NEW) (*Effective January 1, 2005*) (a) Each registrant shall
547 obtain and preserve all accounts, bills, receipts and other documents
548 necessary to substantiate the financial reports required by section 7 of
549 this act for a period of three years from the date of the filing of the
550 report referring to such financial matters, provided this section shall
551 apply to each expenditure for the benefit of a municipal official of ten
552 dollars or more and all other expenditures of fifty dollars or more.

553 (b) The State Ethics Commission may require, on a random basis,
554 any registrant to make all such documents substantiating financial
555 reports concerning lobbying activities available for inspection and
556 copying by the commission for the purpose of verifying such financial
557 reports, provided no registrant shall be subject to such requirement
558 more than one time during any three consecutive years. The
559 commission shall select registrants to be audited by lot in a ceremony
560 which shall be open to the public. Nothing in this subsection shall

561 require a registrant to make any documents concerning nonlobbying
562 activities available to the commission for inspection and copying.

563 Sec. 9. (NEW) (*Effective January 1, 2005*) Each registrant required to
564 file any financial reports under section 7 of this act shall do so in
565 electronic form using the electronic filing program developed by the
566 State Ethics Commission.

567 Sec. 10. (NEW) (*Effective January 1, 2005*) The State Ethics
568 Commission shall make all computerized data from financial reports
569 required by section 7 of this act available to the public through (1) a
570 computer terminal in the office of the commission, and (2) the Internet
571 or any other generally available on-line computer network.

572 Sec. 11. (NEW) (*Effective January 1, 2005*) Each registrant who pays
573 or reimburses a municipal official or municipal employee ten dollars
574 or more for necessary expenses shall, within thirty days, file a
575 statement with the commission indicating the name of such individual
576 and the amount of the expenses. As used in this section, "necessary
577 expenses" means a municipal official's or municipal employee's
578 expenses for an article, appearance or speech or for participation at an
579 event, in such official's or employee's official capacity, which shall be
580 limited to necessary travel expenses, lodging for the nights before, of
581 and after the appearance, speech or event, meals and any related
582 conference or seminar registration fees.

583 Sec. 12. (NEW) (*Effective January 1, 2005*) (a) No registrant or anyone
584 acting on behalf of a registrant shall knowingly give a gift to any
585 municipal official, municipal employee, candidate for municipal office
586 or a member of any such person's staff or immediate family. Nothing
587 in this section shall be construed to permit any activity prohibited
588 under section 53a-147 or 53a-148 of the general statutes, as amended.

589 (b) No person or business organization shall be employed to lobby
590 for compensation which is contingent upon the outcome of any
591 administrative or legislative action. No person shall employ a lobbyist
592 or business organization for compensation that is contingent upon the

593 outcome of any administrative or legislative action.

594 (c) No lobbyist may: (1) Do anything with the purpose of placing
595 any municipal official under personal obligation; (2) attempt to
596 influence any legislative action or administrative action for the
597 purpose of thereafter being employed to secure its defeat; (3) cause any
598 communication to be sent to any municipal official in the name of any
599 other individual except with the consent of such individual.

600 (d) Any person who gives to a municipal official, municipal
601 employee or candidate for municipal office, or a member of any such
602 person's staff or immediate family anything of value which is subject
603 to the reporting requirements pursuant to subsection (e) of section 7 of
604 this act shall, not later than ten days thereafter, give such recipient a
605 written report stating the name of the donor, a description of the item
606 or items given, the value of such items and the cumulative value of all
607 items given to such recipient during that calendar year. The provisions
608 of this subsection shall not apply to a political contribution otherwise
609 reported as required by law.

610 Sec. 13. (NEW) (*Effective January 1, 2005*) Any person aggrieved by
611 any final decision of the State Ethics Commission, made pursuant to
612 sections 1 to 16, inclusive, of this act, may appeal such decision in
613 accordance with the provisions of section 4-175 or 4-183 of the general
614 statutes.

615 Sec. 14. (NEW) (*Effective January 1, 2005*) (a) The State Ethics
616 Commission, upon a finding made pursuant to section 3 of this act that
617 there has been a violation of any provision of sections 1 to 16,
618 inclusive, of this act, shall have the authority to order the violator to do
619 any or all of the following: (1) Cease and desist the violation of said
620 sections; (2) file any report, statement or other information as required
621 by said sections; or (3) pay a civil penalty of not more than two
622 thousand dollars for each violation of said sections. The commission
623 may prohibit any person who intentionally violates any provision of
624 said sections from engaging in the profession of lobbyist for a period of
625 not more than two years. In addition to such provisions, the

626 commission may impose a civil penalty on any person who violates
627 subsection (b) of section 12 of this act by receiving, agreeing to receive,
628 paying, or agreeing to pay, compensation that is contingent upon the
629 outcome of any administrative or legislative action or by terminating a
630 lobbying contract as the result of the outcome of an administrative
631 action or legislative action. The civil penalty shall not exceed the total
632 amount of compensation that the person was required to pay or be
633 paid under the contingent compensation agreement. No person may
634 benefit from an agreement that violates subsection (b) of section 12 of
635 this act.

636 (b) Notwithstanding the provisions of subsection (a) of this section,
637 the commission may, after a hearing conducted in accordance with
638 sections 4-176e to 4-184, inclusive, of the general statutes upon the
639 concurring vote of five of its members, impose a civil penalty not to
640 exceed ten dollars per day upon any registrant who fails to file any
641 report, statement or other information as required by sections 1 to 16,
642 inclusive, of this act. Each distinct violation of this subsection shall be a
643 separate offense and, in case of a continued violation, each day thereof
644 shall be deemed a separate offense. In no event shall the aggregate
645 penalty imposed for such failure to file exceed two thousand dollars.

646 (c) The commission may also report its finding to the Chief State's
647 Attorney for any action deemed necessary.

648 Sec. 15. (NEW) (*Effective January 1, 2005*) Any person who
649 intentionally violates any provision of sections 1 to 16, inclusive, of this
650 act shall be imprisoned for a term not to exceed one year or shall be
651 fined an amount not to exceed two thousand dollars, or both.

652 Sec. 16. (NEW) (*Effective January 1, 2005*) Each individual who is a
653 lobbyist shall, while engaged in lobbying, wear a distinguishing badge
654 which shall identify the individual as a lobbyist. The size, color,
655 material and other requirements of such badge shall be prescribed by
656 regulation of the State Ethics Commission.

This act shall take effect as follows:	
Section 1	<i>January 1, 2005</i>
Sec. 2	<i>January 1, 2005</i>
Sec. 3	<i>January 1, 2005</i>
Sec. 4	<i>January 1, 2005</i>
Sec. 5	<i>January 1, 2005</i>
Sec. 6	<i>January 1, 2005</i>
Sec. 7	<i>January 1, 2005</i>
Sec. 8	<i>January 1, 2005</i>
Sec. 9	<i>January 1, 2005</i>
Sec. 10	<i>January 1, 2005</i>
Sec. 11	<i>January 1, 2005</i>
Sec. 12	<i>January 1, 2005</i>
Sec. 13	<i>January 1, 2005</i>
Sec. 14	<i>January 1, 2005</i>
Sec. 15	<i>January 1, 2005</i>
Sec. 16	<i>January 1, 2005</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:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Ethics Com.	GF - Cost	258,300	195,300
Comptroller Misc. Accounts (Fringe Benefits)	GF - Cost	37,500	84,900
Ethics Com.	GF - Revenue Gain	380,000	475,000
Ethics Com.	GF - Savings	13,700	27,400

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires the Ethics Commission (EC) to establish a registration program for municipal lobbyists, effective 1/1/05. This would result in an FY 05 cost of \$258,300 to the EC, which is composed of Personal Services expenses for 3 positions of \$185,300, \$12,000 for Other Expenses, \$50,000 for on-line application development work, and \$11,000 for Equipment. The FY 06 cost is \$195,300, composed of \$185,300 for 3 positions and \$10,000 for annual software maintenance. The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The total fringe benefit reimbursement rate as a percentage of payroll is 45.82%, effective July 1, 2003. However, first year fringe benefit costs for new positions do not include pension costs lowering the rate to 20.23% in FY 05. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System.

The 3 positions include a Principal Attorney (\$77,000/year), who will be responsible for enforcement proceedings, requests for advice and education activities at the municipal level, an Auditor/Accountant

(\$53,000/year), who will be responsible for developing administrative procedures, policies and an audit compliance system at the municipal level, and a Paralegal 2 (\$55,300/year), who will be responsible for registration/reporting requirements at the municipal level as well as interpretation of the statutes and regulations as they apply to municipal lobbying requirements. The cost estimate assumes that all 3 positions will be filled at the beginning of FY 05 because the bill requires the municipal lobbyist registration program to begin 1/1/05.

The Other Expenses cost of \$12,000 in FY 05 includes \$7,000 for a training program, \$4,000 for software associated with the electronic filing system and \$1,000 to print an informational brochure and associated mailing costs. The training program will consist of educational materials, travel expenses for an EC staff attorney and a paralegal to conduct the sessions, and preparation of a training video. The estimate is based on a survey conducted by the EC on training programs used in other states that have municipal lobbyist registration requirements.

The Lobbyist Electronic Filing system will need \$50,000 to develop the municipal application. The work will be done by DOIT and maintenance on the application is estimated to cost \$10,000 annually.

The Equipment cost of \$11,000 in FY 05 is for a server to host the Internet-based filing system and related hardware.

There will a General Fund cost savings of \$13,700 in FY 05 and \$27,400 in FY 06 because the EC will discontinue using the vendor that currently hosts and maintains its online state lobbyist registration system, when the new system begins operation on 1/1/05.

There will be an estimated revenue gain of \$60,000 in FY 05 (partial year) and \$75,000 in FY 06 from the annual registration fee. The EC has indicated that it will charge \$75 for the municipal lobbyist fee, which is on par with the fee charged to state lobbyists (\$150 for 2 years.) The estimate assumes that there will be 1,000 registrations, based on a survey conducted by the EC of 15 other states with similar municipal

lobbyist registration requirements. The figure takes into account the fact that lobbyists must register separately and pay the \$75 fee for each municipality in which they conduct lobbying activity.

Requiring municipal lobbyists to register with the EC will make their services subject to the 6% Sales Tax. The estimated revenue gain in FY 05 is expected to be \$320,000 (partial year) and \$400,000 in FY 06. The estimate uses data collected by the EC on the amount of compensation received by state lobbyists.

The bill also permits the EC to levy a civil penalty of up to \$2,000 per violation. This will result in a revenue gain to the degree that such penalties are imposed, but the amount cannot be estimated at this time.

OLR Bill Analysis

sSB 22

AN ACT EXTENDING PROVISIONS OF THE STATE CODE OF ETHICS FOR LOBBYISTS TO MUNICIPAL LOBBYISTS**SUMMARY:**

This bill places essentially the same requirements, bans, and limitations on municipal lobbyists that currently apply to state lobbyists. As is the case with state lobbyists, under the bill, the State Ethics Commission investigates and penalizes wrongdoing by municipal lobbyists. Except as noted below, the only differences between the bill's new Code of Ethics for Municipal Lobbyists and the existing code for state lobbyists are where there are no correlations between state and municipal functions. For example, prohibitions in the state code specific to the legislators or the legislative session are not included in the municipal code.

Under the bill, municipal lobbyists, like their state counterparts, must register and file financial reports of their lobbying expenses with the State Ethics Commission. Unlike state lobbyists who register biennially, the bill requires municipal lobbyists to register annually. It requires state lobbyists who lobby towns and municipal lobbyists to file a separate registration for each town they lobby. The bill requires municipal lobbyists to pay a filing fee only for the first registration. This fee, like that for state lobbyists, must be at least \$25 to cover the cost for administering the registration form and distributing filed registration information.

The bill requires municipal lobbyists to file quarterly (April, July, October, and January) financial reports. By law, state lobbyists file these reports in April, July, and January. They file interim reports during the regular legislative session for each month that they spend more than \$100 on lobbying.

Like state lobbyists, the bill subjects municipal lobbyists to restrictions on their lobbying activities that include a ban on gift-giving and contingency lobbying. It requires them to wear badges when lobbying.

The bill requires the State Ethics Commission to investigate and hear complaints against municipal lobbyists and impose penalties for code violations just as it currently does with respect to state lobbyists.

The State Ethics Commission must adopt regulations to carry out the bill's purpose. The commission already has regulations governing state lobbyists.

EFFECTIVE DATE: January 1, 2005

LOBBYISTS AND LOBBYING

Under the bill, a municipal "lobbyist" is a person who receives, spends, or receives and spends (or agrees to receive, spend, or both) at least \$2,000 in a calendar year to lobby a single municipality. "Lobbyist" does not include a municipal official or employee or his designee, other than an independent contractor, acting within the scope of his authority or employment.

Under the bill, a person lobbies when he communicates with a municipal official or the official's staff to influence legislative or administrative action. But a person engaged in the practice of law is not lobbying when he talks to (1) officials or staff of a municipal land use agency or (2) municipal legislative bodies about legislative action regarding land use matters. "Legislative action" is any official action taken regarding any rule; regulation; ordinance; referendum; budget; measure; resolution; amendment; nomination; appointment; report; or other matter pending or proposed in, or within the cognizance of, a municipal legislative body.

The bill defines "administrative action" as any action or inaction by a municipal agency regarding the proposal, drafting, development, consideration, amendment, adoption, or repeal of any rule, regulation, ordinance, referendum, or budget or utility rate. It also includes any action or inaction regarding a contract, grant, award, purchasing agreement, loan, bond, certificate, license, permit, or other matter within the agency's jurisdiction or cognizance.

BACKGROUND

Related Bill

sHB 5021, favorably reported by the Government Administration and Elections Committee, extends the statute of limitations for filing complaints of lobbyists' ethics code violations from three to five years after the violation allegedly occurred. It also increases the maximum civil penalties for ethics code violations from \$2,000 to \$10,000 and the criminal penalties for intentional violations from up to one year's imprisonment, a fine of \$2000, or both to up to five years imprisonment, a \$5,000 fine, or both.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 17 Nay 0