

Legislative Ethics Committee

INTERPRETIVE RULING 2025-1

Application of Recent Changes to RSA 14-C as a Result of HB 1388 (2024) (March 10, 2025)

The Legislative Ethics Committee has received a request for an interpretive ruling from the Clerk of the New Hampshire House of Representatives. He asserts that members of the General Court have raised numerous questions regarding their responsibilities under the recusal provisions in the newly enacted HB 1388.

More specifically, he asks that the Committee address the following questions:

1. When and under what circumstances is a member required to recuse themselves from consideration of a piece of legislation? If a recusal is required, please describe the steps a member should take depending on the setting, i.e. floor session, committee meeting.
2. If recusal is not required, under what circumstances is it sufficient to file a conflict of interest?
3. If neither recusal nor a filing of a conflict of interest is necessary, when is verbal disclosure appropriate?

In response, the Committee issues the following interpretive rulings:

1. Prior to the enactment of HB 1388, there was no statutory authority or written provision in the Ethics Guidelines requiring recusal in legislative matters. For the most part, when a conflict of interest existed, upon filing a Declaration of Intent form, recusal was contemplated as an option, but it was exercised at the discretion of the legislator. This was consistent with one of the primary objectives of the Ethics Guidelines, which is public disclosure.

One exception was identified in prior rulings of the Committee. It found that recusal was required in circumstances where a legislator, or a member of the legislator's household, is being compensated by an organization, holds a position in which they are able to exercise substantial influence over the affairs of the organization, and the organization is attempting to influence the outcome of the legislative activity. This exception was incorporated in HB 1388 and was enacted as RSA 14-C:4-a, II. For guidance on its application, see *Informal Resolution 2013-5*, *Informal Resolution 2019-2*, *Advisory Opinion 2018-1*, and *Advisory Opinion 2023-3*, available on the Committee's website.

The major change brought about by HB 1388 is the required recusal found in RSA 14-C:4-a, I. This is a requirement for recusal when a legislator has a conflict of interest as defined in RSA 14-B:1, I, and the legislator or a member of the legislator's household could "be expected to incur a direct and substantial financial benefit or detriment as an outcome of the legislative activity." The terms "direct and substantial" have yet to be defined in the context of this legislation and the Ethics Guidelines as a whole. The Committee has previously indicated its intent to create an understanding of how the definitions would be applied as factual cases are brought before the Committee. That is why it previously issued an Advisory Opinion in which it advised legislators that, until the statute is better understood, they would not be subject to the imposition of sanctions provided the legislator was acting in good faith.

However, the Committee understands that there has been confusion regarding the implementation of the recusal requirement, resulting in many questions and inconsistent behavior. Therefore, some general guidance might be beneficial pending a more in-depth application of the law. This is particularly true, as guidance previously issued by the Committee may be obsolete or, worse yet, conflict with the new recusal law.

For example, previously, the Committee advised that it was sufficient to disclose a conflict when a legislator held title to property subject to current use taxation. Under the new law, if a bill would change the formula for taxation, increasing or decreasing the amount of taxes to be paid, it may be expected to have a "direct and substantial" financial impact on the legislator, making recusal mandatory. At the same time, not all current use bills would necessarily require recusal. For example, a change in property classifications, type of vegetation, or method for filing current use liens would probably not have a direct or substantial financial impact. Recusal might not be required in those circumstances, although the legislator would still have a duty to disclose.

Many legislators are members of the New Hampshire Retirement System. It is the Committee's understanding that in the past, legislators have been inconsistent in the matter of disclosure. Many have filed Declaration of Intent forms, with some electing to participate and some opting for recusal. In some cases, legislators have filed no Declaration of Intent form but may have simply made disclosure on the Financial Disclosure Form filed at the beginning of the session. Under the new law, if a bill is introduced that changes the retirement benefit or member contribution rate, it is expected to have a direct and substantial financial impact on the legislator or a member of the legislator's household, and recusal would be required. Again, just because someone belongs to the Retirement System, does not require recusal in all cases, only if there is expected to be a direct and substantial benefit. If a bill was dealing with the structure of the Retirement System, its investment strategy, its operating procedures or its staffing, it would be unlikely that recusal would be required, although disclosure would still be appropriate.

Recusal is required when a legislator recognizes that a legislative activity could reasonably be expected to have a direct and substantial financial impact upon them or a member of their household. That could be at a committee meeting or at any time in the legislative process. At that point, the legislator should refrain from any further legislative involvement on the legislative activity and file a Declaration of Intent form with the Clerk of their respective body, noting their recusal. They should refrain from participation in any further legislative involvement with that legislative activity. Because of the way bills are heard, the Committee recognizes that legislators may not recognize conflicts before they appear at the floor session. A Declaration of Intent form with recusal should be filed immediately upon discovery of the conflict.

It should be noted that recusal is not required from participation in any official legislative activity relating to the state budget or general revenue bills.

2. When recusal is not required, conflicts which are not “direct and substantial” may still exist. In such circumstances, the emphasis remains on public disclosure. There are three forms that are used for disclosing conflicts. These are the Financial Disclosure Form, the General Disclosure of Non-Financial Personal Interests Form and the Declaration of Intent Form. There is also the requirement to make a verbal disclosure.

FINANCIAL DISCLOSURE FORM

Every legislator has a duty to complete a Financial Disclosure Form at the beginning of their term. At that point they are to disclose any business, profession, occupation, group or matter in which they or a household member may have a financial interest. If a legislator discloses having a financial interest on the form, the legislator is required to make a verbal disclosure of that financial interest in certain situations. The legislator could also be required to file a Declaration of Intent Form as provided below.

GENERAL DISCLOSURE OF NON-FINANCIAL PERSONAL INTERESTS FORM

When a legislator or a legislator’s household member has a non-financial personal interest in the outcome of a matter that is the subject of official activity, which is distinct from and greater than the interests of the public at large, the legislator has a duty to complete a Declaration of Intent form if the legislator has not made that disclosure on the General Disclosure of Non-Financial Personal Interests Form. This may occur in circumstances when a legislator is an uncompensated member of a board, officer or agent of a non-profit organization. If a legislator discloses having a non-financial personal interest on the form, the legislator is required to make a verbal disclosure of that non-financial personal interest in certain situations.

DECLARATION OF INTENT

When a legislator has a financial interest that could reasonably be expected to produce greater benefit or detriment to the legislator or the legislator's household member than would accrue to any other member of a business, profession, occupation, or other group the legislator listed in the financial disclosure form, the legislator has a duty to complete a Declaration of Intent form. On the form, the legislator must declare his or her decision to either participate in or not participate in the particular official activity described on the form. If a legislator elects to declare an intention to participate in the activity, the legislator is required to detail the nature of the conflict of interest on the form.

The requirement for filing a Declaration of Intent is triggered immediately when a legislator becomes aware that a conflict of interest exists or may exist with respect to any official activity the legislator is about to undertake. An "official activity" is defined as any activity which relates to official responsibilities, including the introduction of legislation, testifying before any legislative committee or state agency, voting in committee or in house or senate session or otherwise participating in, influencing, or attempting to influence any decision of the legislature, county delegation or any state agency.

For purposes of introducing a bill, the declaration must be made prior to signing off as a sponsor or co-sponsor of a particular piece of legislation. The Declaration of Intent form must be filed with the clerk of the member's respective body prior to the time of the official action.

If there is any question in the legislator's mind as to whether a Declaration of Intent would be required, the better practice would be to file one.

3. Verbal disclosure is required when a legislator becomes aware of having a financial interest or a non-financial personal interest in the outcome of a matter. It is to be made prior to engaging in verbal advocacy at any meeting of the general court or county delegation. "Verbal advocacy" means an attempt by a legislator to influence his or her colleagues on a matter that is the subject of official activity in a meeting of the general court or county delegation through public verbal communication. Verbal advocacy does not include casting a vote in executive session of a committee or in a full session of the House or Senate. The verbal disclosure shall consist of a short statement that identifies the financial interest or non-financial personal interest.

Verbal disclosures must be made in the following circumstances and manner:

- (a) When **testifying** before a legislative committee regarding a bill or other matter in which the legislator has a special interest, the legislator shall make the disclosure prior to testifying.

(b) When **appointed to a subcommittee** working on a bill in which the legislator has a special interest, the disclosure shall be made upon appointment to the subcommittee and at the initial subcommittee work session.

(c) When **serving as a member of a committee** considering a bill in which the legislator has a special interest, the disclosure shall be made prior to engaging in verbal advocacy.

(d) When **addressing the full House or Senate** on a bill in which the legislator has a special interest, the disclosure shall be made prior to engaging in verbal advocacy. **If the legislator does not speak on the bill, the legislator is not required to make a verbal disclosure.**

(e) When **appointed as a member of a Committee of Conference** on a bill in which the legislator has a special interest, the disclosure shall be made at the initial meeting of the Committee of Conference.

(f) When **serving as a member of a county delegation** considering a matter in which the legislator has a special interest, the disclosure shall be made to all participants prior to engaging in verbal advocacy.

The Committee recognizes that the application of any law or guideline to individual circumstances may pose questions not easily addressed in an interpretive ruling, which is general in nature. Legislators are encouraged to bring questions about their specific circumstances to the Ethics Committee by requesting an advisory opinion or interpretive ruling.

For the Committee,
Edward M. Gordon
Chairman

[Vote: 7-0]