**Section 500.1250 Disclosure of Financial Interests and Potential Conflicts of Interest**

a) Requirement for Disclosure

1) *All bids and offers from responsive bidders, offerors, vendors, or contractors with an annual value of more than $100,000 shall be accompanied by disclosure of the financial interests of the bidder, offeror, potential contractor, or contractor and each subcontractor to be used. In addition, all subcontracts with an annual value of more than $100,000 shall be accompanied by disclosure of the financial interests of each subcontractor. The financial disclosure of each successful bidder, offeror, potential contractor, or contractor and* *its subcontractors shall be incorporated as a material term of the contract and shall become part of the publicly available contract or procurement file maintained by the appropriate chief procurement officer.* *Each disclosure shall be signed and made under penalty of perjury by an authorized officer or employee on behalf of the bidder, offeror, potential contractor, contractor, or subcontractor.* [30 ILCS 500/50-35(a)]

2) *Disclosure shall include any ownership or distributive income share that is in excess of 5%, or an amount greater than 60% of the annual salary of the Governor, of the disclosing entity or its parent entity, whichever is less, unless the bidder, offeror, potential contractor, contractor, or subcontractor*:

A) *is a publicly traded entity subject to Federal 10K reporting, in which case it may submit its 10K disclosure in place of the prescribed disclosure*; or

B) *is a privately held entity that is exempt from Federal 10K reporting but has more than 100 shareholders, partners or members, in which case it may submit the information that Federal 10K reporting companies are required to report under 17 CFR 229.401 and list the names of any person or entity holding any ownership share that is in excess of 5% in place of the prescribed disclosure.* [30 ILCS 500/50-35(a)]

b) Definitions and General Provisions

1) An "offer from responsive bidders or offerors" means only those offers that are received using an Invitation for Bids or Request for Proposals under Section 500.310 or 500.320. Disclosures are not required in sole source or emergency procurements.

2) A "parent entity" means an entity that owns 100% of the bidding entity.

3) "Contractual employment of services" means any contract to provide services to the State, whether as independent contractor or employee, that is by and between the State and the named individual.

4) "Distributable" or "distributive" income means the income of a company after payment of all expenses, including employee salaries and bonuses, and retained earnings, that is distributed to those entitled to receive a share of such income. In the case of a for-profit corporation, distributable income means dividends. When calculating entitlement to distributable income, the entitlement shall be determined at the end of the company's most recent fiscal year.

5) "Personal services" shall be any contract for services subject to this Part, including, by way of example, professional and artistic services, repair services, cleaning and guard services, but excludes contracts with employees who are exempt from this Part under Section 500.30(a)(4).

6) "Competitively bid" means a contract let pursuant to Section 500.310 or 500.320.

7) "Subject to federal 10K reporting" means subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934. "10K disclosure" means a report required under Section 13 or 15(d) of the Securities Exchange Act of 1934.

8) Contractors are under a continuing obligation to promptly supplement disclosures for accuracy throughout the contracting process and throughout the term of any resulting contract. Contractors with multi-year contracts must submit disclosures on an annual basis.

9) 10K Disclosures

A) Any vendor subject to federal 10K reporting requirements may submit its 10K to the OAG in satisfaction of this disclosure requirement. The vendor may be required to identify the specific sections or parts in the 10K disclosure containing information, if any, pertaining to those who have an ownership interest or an interest in the distributable income of the vendor or its parent, or other information that the vendor knows or reasonably should know identifies a potential conflict of interest with the State. If the financial interest or conflict of interest information requested by the OAG is not in the 10K, but is in a document referenced in the 10K, or in a document that may be submitted to the SEC in conjunction with or in lieu of the 10K, then that additional documentation shall be provided as well.

B) 10K disclosures are available for public review. Any potential conflict of interest identified by the public and brought to the attention of the CPO shall be investigated.

C) In circumstances where a vendor may submit a 10K disclosure in lieu of the specific disclosure requirements and for purposes of the Procurement Officer's duty to consider any conflict or potential conflict of interest that may exist, but that is not subject to specific disclosure requirements of this Part, and that is not personally known by the Procurement Officer, "publicly known or reasonably available to the public" shall consist of information identified by the vendor in the 10K disclosure and any information disclosed pursuant to public review of the 10K disclosure.

c) Form of Disclosure

1) *The form of disclosure shall be prescribed by the* CPO *and must include at least the names, addresses, and dollar or proportionate share of ownership of each individual identified in* this Section, *their instrument of ownership or beneficial relationship, and notice of any potential conflict of interest resulting from the current ownership or beneficial relationship of each person identified in* this Section *having in addition any of the following relationships:*

A) *State employment, currently or in the previous 3 years, including contractual employment of services*;

B) *State employment of spouse, father, mother, son or daughter, including contractual employment for services in the previous 2 years*;

C) *Elective status; the holding of elective office of the State of Illinois, the government of the United States, any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois currently or in the previous 3 years*;

D) *Relationship to anyone holding elective office currently or in the previous 2 years; spouse, father, mother, son, or daughter*;

E) *Appointive office; the holding of any appointive government office of the State of Illinois, the United States of America, or any unit of local government authorized by the Constitution of the State of Illinois or the statutes of the State of Illinois, which office entitles the holder to compensation in excess of expenses incurred in the discharge of that office currently or in the previous 3 years*;

F) *Relationship to anyone holding appointive office currently or in the previous 2 years; spouse, father, mother, son, or daughter*;

G) *Employment, currently or in the previous 3 years, as or by any registered lobbyist of the State government*;

H) *Relationship to anyone who is or was a registered lobbyist in the previous 2 years; spouse, father, mother, son, or daughter*;

I) *Compensated employment, currently or in the previous 3 years, by any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections*;

J) *Relationship to anyone; spouse, father, mother, son, or daughter; who is or was a compensated employee in the last 2 years of any registered election or re-election committee registered with the Secretary of State or any county clerk in the State of Illinois, or any political action committee registered with either the Secretary of State or the Federal Board of Elections.* [30 ILCS 500/50-35(b)]

2) *The disclosure required under* this Section *must also include the name and address of each lobbyist required to register under the Lobbyist Registration Act* [25 ILCS 170] *and other agent of the bidder, offeror, potential contractor, contractor, or subcontractor who is not identified under subsection* (a) *and who has communicated, is communicating, or may communicate with any State officer or employee concerning the bid or offer. The disclosure under this subsection* (c)(2) *is a continuing obligation and must be promptly supplemented for accuracy throughout the process and throughout the term of the contract if the bid or offer is successful.* [30 ILCS 500/50-35(b-1)]

3) *The disclosure required under* this Section *must also include,* for each of the persons identified in subsection (c)(1) or (2), *each of the following that occurred within the previous 10 years: suspension or debarment from contracting with any governmental entity; professional licensure discipline; bankruptcies; adverse civil judgments and administrative findings; and criminal felony convictions. The disclosure under this subsection* (c)(3) *is a continuing obligation and must be promptly supplemented for accuracy throughout the process and throughout the term of the contract if the bid or offer is successful.* [30 ILCS 500/50-35(b-2)]

d) Intent of Disclosure

*The disclosure in* subsection (c) *is not intended to prohibit or prevent any contract. The disclosure is meant to fully and publicly disclose any potential conflict to the CPO,* procurement *officers, their designees, and executive officers so they may adequately discharge their duty to protect the State.* [30 ILCS 500/50-35(c)]

e) Determination by Procurement Officer

When a potential for a conflict of interest is identified, discovered, or reasonably suspected it shall be reviewed by the Procurement Officer or the Procurement Officer's designee, who must rule whether to void or allow the contract, subcontract, bid, offer, or proposal weighing the best interest of the State of Illinois. Any such written determination shall become a publicly available part of the contract, bid, or proposal file. (See Section 50-35(d) of the Code.)

f) Requirements for Reasonable Care and Diligence

*These thresholds and disclosure do not relieve the* *CPO,* procurement *officers, or their designees from reasonable care and diligence for any contract, bid, offer, or* proposal. *The CPO,* procurement *officers, or their designees shall be responsible for using any reasonably known and publicly available information to discover any undisclosed potential conflict of interest and act to protect the best interest of the State of Illinois.* [30 ILCS 500/50-35(e)]

g) Inadvertent or Accidental Failure to Fully Disclose

*Inadvertent or accidental failure to fully disclose shall render the contract, bid, offer, proposal, subcontract, or relationship voidable by the CPO if* the CPO *deems it in the best interest of the State of Illinois and, at* the CPO's *discretion, may be cause for barring from future contracts, bids, offers, proposals, subcontracts, or relationships with the* OAG *for a period of up to 2 years.* [30 ILCS 500/50-35(f)]

h) Intentional, Willful, or Material Failure to Disclose

*Intentional, willful, or material failure to disclose shall render the contract, subcontract, bid, offer, proposal, or relationship voidable by the CPO if* they *deem it in the best interest of the State of Illinois and shall result in debarment from future contracts, subcontracts, bids, offers, proposals, or relationships* with the OAG *for a period of not less than 2 years and not more than 10 years. Reinstatement after 2 years and before 10 years must be reviewed and commented upon by the* CPO*, who must rule in writing whether and when to reinstate.* [30 ILCS 500/50-35(g)]

i) Other Procurements

*In addition, all disclosures shall note any other current or pending contracts, bids, offers, proposals, subcontracts, leases, or other ongoing procurement relationships the bidder, offeror, potential contractor, contractor, or subcontractor has with any other unit of State government and shall clearly identify the unit and the contract, offer, proposal, lease, or other relationship.* [30 ILCS 500/50-35(h)]

j) Continuing Obligation

*The bidder, offeror, potential contractor, or contractor has a continuing obligation to supplement the disclosure required by* this Section *throughout the bidding process or during the term of any contract.* [30 ILCS 500/50-35(i)]

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