

RHODE ISLAND ETHICS COMMISSION

Advisory Opinion No. 2025-19

Approved: March 25, 2025

Re: The Honorable Arthur J. Corvese

QUESTION PRESENTED:

The Petitioner, a legislator serving as a member of the Rhode Island House of Representatives, a state elected position, requests an advisory opinion regarding whether he is prohibited by the Code of Ethics from participating in General Assembly discussions and voting relating to the state's operating budget proposal for Fiscal Year 2026, including an article contained therein that seeks to impose a digital advertising gross revenue tax rate of ten percent on companies with annual gross revenues exceeding one billion dollars, given that the Petitioner's son-in-law is employed by a social technology company that would be subject to such a tax.

RESPONSE:

It is the opinion of the Rhode Island Ethics Commission that the Petitioner, a legislator serving as a member of the Rhode Island House of Representatives, a state elected position, is not prohibited by the Code of Ethics from participating in General Assembly discussions and voting relating to the state's operating budget proposal for Fiscal Year 2026, including an article contained therein that seeks to impose a digital advertising gross revenue tax rate of ten percent on companies with annual gross revenues exceeding one billion dollars, notwithstanding that the Petitioner's son-in-law is employed by a social technology company that would be subject to such a tax.

The Petitioner is a member of the Rhode Island House of Representatives and has served continuously in that capacity for 27 years. He is currently a Deputy Majority Leader. He chairs the House Labor Committee, is second vice-chairperson of the State Government and Elections Committee, and is a member of both the House Judiciary Committee and the House Rules Committee. The Petitioner represents that the state's operating budget proposal for Fiscal Year 2026 (budget proposal) contains a budget article (Article 5) that seeks, among other things, to impose a digital advertising gross revenue tax rate of ten percent on companies with annual gross revenues exceeding one billion dollars (digital advertising tax). He explains that the budget proposal, including all of the articles contained

therein, is sent to the House Finance Committee for consideration.¹ The Petitioner further explains that the House Finance Committee will then draft the final version of the entire budget proposal for consideration by the full House of Representatives who, for all intents and purposes, will vote “yea” or “nay” as to each of the budget articles presented.

The Petitioner states that in May 2024, his son-in-law (Mr. Lenz) became employed as the director of public policy for Meta, a company that would be subject to the digital advertising tax that is included in Article 5 of the budget proposal. He identifies as chief among Mr. Lenz’s professional duties the monitoring of legislation of interest to Meta in 19 states, including Rhode Island. The Petitioner informs that Mr. Lenz is paid a salary from Meta, and is eligible for bonuses which are contingent upon a number of variables related to his position as Meta’s director of policy.² The Petitioner further informs that Mr. Lenz does own some Meta stock.³

The Petitioner represents that Mr. Lenz, in his capacity as the director of public policy for Meta, is expected to testify on legislation proposed by the General Assembly, and perhaps even before one of the committees on which the Petitioner serves. The Petitioner further represents that he intends to recuse from participation in his public capacity whenever Mr. Lenz appears before the General Assembly, including before any committees of which the Petitioner is a member.⁴ Cognizant of the Code of Ethics, and desirous of acting in accordance therewith, the Petitioner seeks guidance from the Ethics Commission regarding whether he may participate in General Assembly discussions and voting relative to the state’s operating budget proposal for Fiscal Year 2026, including Article 5 contained therein.

A person subject to the Code of Ethics may not participate in any matter in which he has an interest, financial or otherwise, which is in substantial conflict with the proper discharge

¹ The Petitioner is not a member of the House Finance Committee.

² The Petitioner emphasizes that Mr. Lenz’s bonuses are not dependent upon whether Rhode Island state legislation is passed or defeated.

³ Mr. Lenz informed Ethics Commission staff during a telephone conversation that he owns approximately 200 shares of Meta’s 2.5 billion outstanding shares of stock. Mr. Lenz remarked that there has been fluctuation in the value of Meta stock lately, but that his shares are currently valued at approximately \$600 each. Mr. Lenz then represented that the value of Meta stock would not be directly impacted by the passage or failure of Article 5 of the state’s operating budget proposal for Fiscal Year 2026.

⁴ The Petitioner adds that Leonard Lopes is a registered Rhode Island lobbyist for Meta, and that Mr. Lopes is supervised by Mr. Lenz. For this reason, the Petitioner also intends to recuse from all House committee matters in which Mr. Lopes appears to testify on behalf of Meta.

of his duties in the public interest. R.I. Gen. Laws § 36-14-5(a). A substantial conflict of interest occurs if the public official has reason to believe or expect that he, any person within his family, his business associate, or any business by which he is employed or which he represents, will derive a direct monetary gain or suffer a direct monetary loss by reason of his official activity. R.I. Gen. Laws § 36-14-7(a). A public official has reason to believe or expect that a conflict of interest exists when it is “reasonably foreseeable,” meaning that the probability of a conflict of interest is greater than conceivable, but the conflict of interest is not necessarily certain to occur. 520-RICR-00-00-1.1.5 Reasonable Foreseeability (36-14-7001). Additionally, a public official may not use his office for pecuniary gain, other than as provided by law, for himself, any person within his family, his business associate, or any business by which he is employed or which he represents. § 36-14-5(d). A person within a public official’s family expressly includes his son-in-law. R.I. Gen. Laws § 36-14-2(1).

Commission Regulation 520-RICR-00-00-1.3.1 Prohibited Activities – Nepotism (36-14-5004) (Regulation 1.3.1) sets forth more specific nepotism provisions which are applicable to matters that involve or impact any person within a public official’s family or any person who resides in his household. In general, Regulation 1.3.1(B)(1) prohibits a public official from participating in any matter as part of his public duties if he “has reason to believe or expect that any person within his [] family, or any household member, is a party to or a participant in such matter, or will derive a direct monetary gain or suffer a direct monetary loss, or obtain an employment advantage, as the case may be.” Regulation 1.3.1(B)(3)(a) further prohibits a public official from participating in discussion or decision-making relative to a budgetary line item that would address or affect the employment, compensation, or benefits of any person within his family or a household member. However, Regulation 1.3.1(B)(3)(c) provides that the public official is not prohibited from participating in discussion or decision-making relative to approving or rejecting the entire budget as a whole, provided that the person within his family is impacted by the entire budget as a member of a significant and definable class of persons, and not individually or to any greater extent than any other similarly situated member of the class. A public official must also recuse from participation in a matter in which any member of his family appears or presents evidence or arguments before his state agency, except during a period where public comment is allowed on a matter of general public interest, and further provided that the family member is not otherwise a party or participant and has no personal financial interest in the matter under discussion. 520-RICR-00-00-1.2.1(A)(1) & (B)(2) Additional Circumstances Warranting Recusal (36-14-5002)

The Code of Ethics does not, however, generally require a public official to recuse from participating in matters that involve or financially impact a family member’s business associate or employer, unless there is also a corresponding benefit flowing to that family member. For example, in Advisory Opinion 2019-58, the Ethics Commission opined that a state senator was not prohibited from participating in senate discussions and decision-making concerning legislation that would extend an existing state lottery contract with IGT

Global Solutions Corporation (IGT), and/or amended legislation that would allow for open bidding on a new lottery contract, notwithstanding that the petitioner's spouse was employed by Hasbro. Hasbro is a company that had a business association with Scientific Games. Scientific Games was expected to bid on the lottery contract if open bidding was allowed; however, it was Hasbro, and not the petitioner's spouse, that was a business associate of Scientific Games. By participating in the discussions and decision-making concerning legislation that would enable the extension of the state's lottery contract with IGT, the petitioner would not be taking official action that would financially impact his spouse or his spouse's employer. Also, were that petitioner to vote on amended legislation to allow open bidding on a state lottery contract, even with the reasonable expectation that Scientific Games would submit a bid, any financial impact upon the petitioner's spouse would have been remote and speculative. See also A.O. 2004-25 (opining that a legislator serving as a state senator was not prohibited from participating in the senate's consideration of bill 2004-H8380, "An Act Relating to Education – Health and Safety of Pupils," notwithstanding that the petitioner's spouse was employed as a registered nurse in the North Providence school system, because the petitioner represented that the General Assembly's passage or rejection of the bill would have no financial impact upon him or his spouse).

Section 36-14-5(a) and Regulation 1.3.1 clearly prohibit the Petitioner from participating in any matters, including budgetary line items, as part of his official duties in which his son-in-law is likely to be directly financially impacted, positively or negatively. See, e.g., A.O. 2018-29 (opining that a legislator serving in the Rhode Island House of Representatives could participate in discussions and voting by the House of Representatives relative to the FY2019 State Budget as a whole, but had to recuse from participating in any discussions or voting on particular budget amendments or line-items that impacted or specifically addressed his employer's contracts or finances).

Here, the proposed tax contained in Article 5 would directly financially impact Meta, the company that employs the Petitioner's son-in-law. However, Mr. Lenz has represented that the value of Meta's stock would not be financially impacted by the passage or failure of Article 5. Even if the value of Meta stock were to be financially impacted, Mr. Lenz's stock ownership interest is miniscule in comparison to the number of outstanding shares of Meta stock and it would not be reasonably foreseeable that he would be directly financially impacted.⁵ Furthermore, the Petitioner expressly represents that Mr. Lenz's compensation

⁵ See, e.g., A.O. 2025-11 (opining that the assistant director of financial and contract management for the Rhode Island Department of Administration was permitted to participate in matters relating to the state's potential decision to use additional credit card features offered by JP Morgan Chase, notwithstanding that the petitioner and members of her family owned shares of Chase stock, because it was not reasonably foreseeable that Chase's stock share price would be impacted by the state's ultimate decision; nor was it reasonable that the petitioner and/or her family members would be directly financially

is not based on whether or not the subject budget proposal passes or fails. Finally, any of Mr. Lenz's appearances before a House committee to testify on behalf of his employer would be during a period where public comment is allowed. Accordingly, based on the facts as represented, the applicable provisions of the Code of Ethics, and consistent with prior advisory opinions issued, it is the opinion of the Ethics Commission that the Petitioner is not prohibited from participating in General Assembly discussions and voting relating to the State's operating budget proposal for Fiscal Year 2026, including the article contained therein that recommends the above-described tax to which the Petitioner's son-in-law's employer would be subject.

Finally, the Ethics Commission acknowledges the Petitioner's preparedness to recuse from participating in General Assembly matters when Mr. Lenz and/or Mr. Lopes appear to testify. All episodes of recusal should be made consistent with the provisions of R.I. Gen. Laws § 36-14-6.

This Advisory Opinion is strictly limited to the facts stated herein and relates only to the application of the Rhode Island Code of Ethics. Under the Code of Ethics, advisory opinions are based on the representations made by, or on behalf of, a public official or employee and are not adversarial or investigative proceedings. Finally, this Commission offers no opinion on the effect that any other statute, regulation, ordinance, constitutional provision, charter provision, or canon of professional ethics may have on this situation.

Code Citations:

§ 36-14-2(1)

§ 36-14-5(a)

§ 36-14-5(d)

§ 36-14-6

§ 36-13-7(a)

520-RICR-00-00-1.1.5 Reasonable Foreseeability (36-14-7001)

520-RICR-00-00-1.2.1 Additional Circumstances Warranting Recusal (36-14-5002)

520-RICR-00-00-1.3.1 Prohibited Activities – Nepotism (36-14-5004)

Related Advisory Opinions:

A.O. 2025-11

A.O. 2019-58

A.O. 2018-29

A.O. 2004-25

impacted, given that their ownership of Chase stock was miniscule in comparison to the number of Chase's outstanding stock shares.

Keywords:

Budgets

Conflict of Interest

Family

Nepotism

Recusal