

CONFERENCE COMMITTEE REPORT DIGEST

House Bill No. 9 by Representative LaFleur

Digest of Bill as Finally Passed by the House

Proposed law requires an elected or appointed official to disclose certain specific information regarding the receipt (whether directly, through an immediate family member, or through a legal entity in which he or his immediate family member owns 10% or more) of any thing of economic value valued at more than \$2,500 through a contract or subcontract which is related to a gubernatorially declared disaster or emergency and which the elected official or his immediate family member knows or reasonably should know is or may be funded or reimbursed in whole or in part with federal funds. Proposed law prohibits a person from entering into separate contracts or subcontracts valued at \$2,500 or less with the same person or governmental entity or agency thereof as a subterfuge to avoid the disclosure requirements of proposed law. Proposed law specifies that nothing in proposed law shall require the disclosure of any thing of economic value received from an individual assistance claim.

Proposed law requires the following information to be disclosed to the Board of Ethics (ethics board):

- (1) The official's name, address, and office held and if the thing of economic value is derived through an immediate family member or a legal entity in which the immediate family member has an ownership interest, the name and address of such immediate family member.
- (2) If through a legal entity, the name and business address of the entity, the official's or immediate family member's ownership interest in the entity, and the position, if any, held by the official or his immediate family member in the legal entity.
- (3) The nature of the contract or subcontract, including the amount of the contract or subcontract and a description of the goods or services provided or to be provided.
- (4) The amount of income or value of any thing of economic value derived through the contract or subcontract by the official or his spouse for the previous calendar year (except as provided for initial statements).

Proposed law requires an initial disclosure statement containing all of the information specified above to be filed with the ethics board no later than 30 days after the effective date of proposed law or 15 days after the official, immediate family member, or legal entity enters into the contract or subcontract, whichever occurs later. Specifies instead of disclosing the actual amount of income or value of any thing of economic value derived from the contract or subcontract for the previous calendar year, the official shall include the amount of income or value of any thing of economic value to be derived or reasonably expected to be derived from the contract or subcontract for the first calendar year of the contract or subcontract. Proposed law then requires annual disclosure statements to be filed no later than February 15 of each year that include information for the previous calendar year. Proposed law requires such disclosure statements to be filed until a disclosure statement is filed after the completion of the contract or subcontract or until the person filing the statements is no longer an elected or appointed official, whichever occurs first.

Proposed law specifies that annual disclosure statements shall not be required for the receipt of things of economic value pursuant to contracts or subcontracts entered into prior to an elected or appointed official taking office. However, provides that if an elected or appointed official or immediate family member of such a person receives or reasonably expects to receive a thing of economic value otherwise required to be disclosed by proposed law pursuant to the renewal of such a contract or subcontract occurring after he takes office, such official shall file a disclosure statement no later than 15 days after such renewal in

accordance with the provisions of proposed law requiring an initial disclosure statement and annually thereafter in accordance with proposed law.

Proposed law specifies that all disclosure statements filed pursuant to proposed law are public records.

Proposed law provides that failure to file a statement, failure to timely file a statement, failure to disclose required information, filing a false statement, or engaging in a subterfuge to avoid the disclosure requirements shall subject a person to penalties as provided in the Code of Governmental Ethics (present law). Additionally imposes penalties of \$100 per day for failure to file, knowingly and willfully failing to timely file, or knowingly and willfully failing to disclose or accurately disclose any information required for each day until the statement or required accurate information is filed. Specifies that whoever enters into separate contracts or subcontracts valued at \$2,500 or less as a subterfuge to avoid the disclosure requirements of proposed law shall be subject to the penalties of present law (R.S. 42:1153--which provides that the ethics board may impose a fine of up to \$10,000 and other types of penalties).

Proposed law defines for its purposes the term "appointed state official" or "appointed official" as a person holding an office in any branch of state government or other position on a state agency, board, or commission or any executive office of any state agency, board, commission, or department which is specifically established or specifically authorized by the constitution or laws of this state or by executive order of the governor and which is filled by appointment or election by an elected or appointed public official or by a governmental body composed of such officials of this state.

Present law (R.S. 42:1114.1) relative to financial disclosure reports filed by each legislator disclosing specified income received by the legislator, his spouse, and certain business enterprises, specifically exempts from the definition of "income", remuneration from the legislature, salary from the full-time employment of the legislator's spouse, salary of a member's spouse when such spouse is an elected official, and benefits from a statewide public retirement system.

Proposed law removes such present law exemption.

Proposed law additionally requires any person who files a disclosure statement or report pursuant to proposed law (R.S. 42:1114.3) or present law (R.S. 42:1114 (requiring disclosure statements to be filed by public servants, immediate family members, and certain business enterprises concerning transactions with the agency of the public servant); R.S. 42:1114.1 (legislator's financial disclosure reports); and R.S. 42:1124 (governor's disclosure report)), to include the salary or income of his spouse if the salary or income is earned through employment or a professional services contract with the state, a political subdivision, or the federal government.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 42:1114.3; Repeals R.S. 42:1114.1(B)(2))

Summary of Amendments Adopted by the Senate

1. Removes proposed requirement that any person who files any disclosure statement or report pursuant to the proposal or to existing requirements of the Code of Governmental Ethics shall include the salary or income of his spouse if the salary or income is earned through employment or a professional services contract with the state, a political subdivision, or the federal government.
2. Removes the proposed repeal of an existing provision relative to financial disclosure for legislators which exempts the reporting of remuneration from the legislature, salary from the full-time employment of a legislator's spouse, salary

of a legislator's spouse when such spouse is an elected official, and benefits from a statewide public retirement system.

3. Provides separate provisions for legislators by requiring the secretary of the Senate and the clerk of the House of Representatives to jointly prescribe a form for filing such disclosure reports by legislators; requiring the appropriate clerical officer to notify a legislator that a report is due within the deadlines in the proposal; requiring a legislator to file an initial disclosure statement with the clerical officer of the house to which he or she belongs no later than 30 days after the effective date of the proposal or 15 days after the legislator, spouse, or legal entity enters into a contract or subcontract; requiring the appropriate clerical officer to transmit such reports to the Board of Ethics within 15 days of receipt; and providing that such reports so transmitted shall be deemed as having been filed with the board as of the date filed with the clerical officer.

Digest of Bill as Proposed by Conference Committee

Proposed law requires an elected or appointed official or an immediate family member of such an official to disclose certain specific information regarding the receipt (either directly, or through a legal entity in which he or the immediate family member owns 10% or more) of any thing of economic value valued at more than \$2,500 through a contract or subcontract which is related to a gubernatorially declared disaster or emergency and which the elected official or immediate family member knows or reasonably should know is or may be funded or reimbursed in whole or in part with federal funds. Proposed law prohibits a person from entering into separate contracts or subcontracts valued at \$2,500 or less with the same person or governmental entity or agency thereof as a subterfuge to avoid the disclosure requirements of proposed law. Proposed law specifies that nothing in proposed law shall require the disclosure of any thing of economic value received from an individual assistance claim.

Proposed law requires the following information to be disclosed to the Board of Ethics (ethics board):

- (1) If an elected or appointed official, the official's name, address, and office held, or if an immediate family member the name and address of such person; the name, address, and office of the elected or appointed official to whom the person is related; and the nature of the relationship.
- (2) If through a legal entity, the name and business address of the entity, the official's or immediate family member's ownership interest in the entity, and the position, if any, held by the official or immediate family member in the legal entity.
- (3) The nature of the contract or subcontract, including the amount of the contract or subcontract and a description of the goods or services provided or to be provided.
- (4) The amount of income or value of any thing of economic value derived through the contract or subcontract by the official or immediate family member for the previous calendar year (except as provided for initial statements).

Proposed law requires an initial disclosure statement containing all of the information specified above to be filed with the ethics board (except for legislators) no later than 30 days after the effective date of proposed law or 15 days after the official, immediate family member, or legal entity enters into the contract or subcontract, whichever occurs later. Specifies that, instead of disclosing the actual amount of income or value of any thing of economic value derived from the contract or subcontract for the previous calendar year, the official shall include the amount of income or value of any thing of economic value to be derived or reasonably expected to be derived from the contract or subcontract for the first calendar year of the contract or subcontract. Proposed law then requires annual disclosure statements to be filed no later than February 15 of each year that include information for the previous calendar year.

Proposed law provides that members of the legislature file an initial disclosure statement with the clerical officer of the house to which he belongs no later than 30 days after the effective date of proposed law or 15 days after the legislator or legal entity enters into the contract or subcontract, whichever occurs later. Specifies that instead of disclosing the actual amount of income or value of any thing of economic value derived from the contract or subcontract for the previous calendar year, the legislator shall include the amount of income or value of any thing of economic value to be derived or reasonably expected to be derived from the contract or subcontract for the first calendar year of the contract or subcontract. Provides that after filing the initial disclosure statement, legislators file an annual disclosure statement with the appropriate clerical officer no later than February 15 of each year which includes such information for the previous calendar year. Requires the clerical officer to transmit a copy of each such disclosure statement to the ethics board within 15 days of receipt. Provides that the disclosure statement shall be deemed to be filed with the ethics board by the member as of the date of filing with the clerical officer. Requires the appropriate clerical officer to notify a legislator that has filed an initial disclosure statement, that an annual disclosure statement is due until a final statement is filed in accordance with proposed law.

Proposed law requires all such disclosure statements to be filed until a disclosure statement is filed after the completion of the contract or subcontract or until the person filing the statements or to whom the immediate family member is related is no longer an elected or appointed official, whichever occurs first.

Proposed law specifies that annual disclosure statements shall not be required for the receipt of things of economic value pursuant to contracts or subcontracts entered into prior to an elected or appointed official taking office. However, provides that if an elected or appointed official or immediate family member of such a person receives or reasonably expects to receive a thing of economic value otherwise required to be disclosed by proposed law pursuant to the renewal of such a contract or subcontract occurring after the official takes office, such official or immediate family member shall file a disclosure statement no later than 15 days after such renewal in accordance with the provisions of proposed law requiring an initial disclosure statement and annually thereafter in accordance with proposed law.

Proposed law specifies that all disclosure statements filed pursuant to proposed law are public records.

Proposed law provides that failure to file a statement, failure to timely file a statement, failure to disclose required information, filing a false statement, or engaging in a subterfuge to avoid the disclosure requirements shall subject a person to penalties as provided in the Code of Governmental Ethics (present law). Additionally imposes penalties of \$100 per day for failure to file, knowingly and willfully failing to timely file, or knowingly and willfully failing to disclose or accurately disclose any information required for each day until the statement or required accurate information is filed. Specifies that whoever enters into separate contracts or subcontracts valued at \$2,500 or less as a subterfuge to avoid the disclosure requirements of proposed law shall be subject to the penalties of present law (R.S. 42:1153--which provides that the ethics board may impose a fine of up to \$10,000 and other types of penalties).

Proposed law defines for its purposes the term "appointed state official" or "appointed official" as a person holding an office in any branch of state government or other position on a state agency, board, or commission or any executive office of any state agency, board, commission, or department which is specifically established or specifically authorized by the constitution or laws of this state or by executive order of the governor and which is filled by appointment or election by an elected or appointed public official or by a governmental body composed of such officials of this state.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 42:1114.3)