

2022 Regular Session

HOUSE BILL NO. 474

BY REPRESENTATIVES FRIEMAN AND EDMONSTON

FINANCIAL INSTITUTIONS: Prohibits discrimination by a financial institution based on certain factors

1 AN ACT

2 To enact R.S. 6:424, relative to discrimination by financial institutions; to prohibit
3 discrimination by financial institutions; to provide factors for discrimination; to
4 require disclosure and explanation of certain practices; to provide for application of
5 law; to provide for declaration of intent; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 6:424 is hereby enacted to read as follows:

8 §424. Discrimination prohibited; application of law; disclosure and explanation;
9 legislative intent

10 A. A bank, credit union, financial institution, payment processor, savings and
11 loan association, or trust company shall not refuse to provide financial services of
12 any kind to, refrain from continuing to provide existing financial services to,
13 terminate existing financial services with, or otherwise discriminate in the provision
14 of financial services against a person solely based on either of the following:

15 (1) The person's political affiliation.

16 (2) Any value-based or impact-based criteria including but not limited to
17 social credit scores or environmental, social, and governance credit (ESG) factors.

18 B. Notwithstanding any other provision to the contrary, a financial institution
19 may offer investments, products, or services to a potential customer or investor based
20 on subjective standards only if the standards are fully disclosed and explained to the

1 potential customer or investor before entering into a contract for the investment,
2 product, or service. The financial institution shall obtain a signature from the
3 potential customer or investor attesting that the financial institution has disclosed and
4 explained the subjective standards being used by the financial institution.

5 C. The provisions of this Section are not to be construed in any manner that
6 would interfere with a financial institution's ability to discontinue or refuse to
7 conduct business with a person when the action is necessary for the physical safety
8 of the financial institution's employees.

9 D. The legislature declares that the practice of discriminating against a
10 person or entity in this state based upon his social credit score or any other valuation
11 based on his environmental, social, and governmental credit (ESG) factors, is a
12 matter of statewide concern, that discrimination based on such scores and metrics is
13 not only a threat to the rights and proper privileges of this state's inhabitants but
14 menaces the institutions and foundation of a free democratic state and threatens the
15 peace, order, health, safety, and general welfare of this state and its inhabitants.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 474 Original

2022 Regular Session

Frieman

Abstract: Prohibits financial institutions from denying financial services to a person based upon a person's political affiliation or any environmental, social, or governmental credit factors.

Proposed law prohibits financial institutions from denying financial services to a person based on either of the following criteria:

1. The person's political affiliation.
2. Any value-based or impact-based criteria including but not limited to environmental, social, or governmental (ESG) factors.

Proposed law allows a financial institution to offer services based subjective standards, only if the financial institution has disclosed and explained the standards to the potential customer.

Under proposed law the financial institution is required to obtain a signature from the potential customer confirming disclosure and explanation of the subjective standards.

Proposed law is not intended to interfere with a financial institution's ability to discontinue or refuse to conduct business with a person when the action is necessary for the physical safety of the financial institution's employees.

Proposed law provides a legislative declaration on the use of political affiliation or ESG factors as a basis for discrimination.

(Adds R.S. 6:424)