

2024 Regular Session

HOUSE BILL NO. 503

BY REPRESENTATIVE CARLSON

ETHICS/CODE: Provides relative to prohibited transactions with the agency of a legislator and of an appointed board or commission member

1 AN ACT

2 To amend and reenact R.S. 42:1113(B) and (C), relative to prohibited transactions; to apply
3 certain prohibitions on transactions with a public servant's agency when those public
4 servants and related persons have a substantial economic interest; to provide for an
5 effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 42:1113(B) and (C) are hereby amended and reenacted to read as
8 follows:

9 §1113. Prohibited contractual arrangements; exceptions; reports

10 * * *

11 B. Other than a legislator, no appointed member of any board or
12 commission, member of his immediate family, or legal entity in which he has a
13 substantial economic interest shall bid on or enter into or ~~be in any way interested~~
14 have a substantial economic interest in any contract, subcontract, or other transaction
15 which is under the supervision or jurisdiction of the agency of such appointed
16 member.

17 C. No legislator, member of his immediate family, or legal entity in which
18 he has a controlling interest shall bid on or enter into or ~~be in any way interested~~

1 have a substantial economic interest in any contract, subcontract, or other transaction
2 involving the legislator's agency.

3 * * *

4 Section 2. This Act shall become effective upon signature by the governor or, if not
5 signed by the governor, upon expiration of the time for bills to become law without signature
6 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
7 vetoed by the governor and subsequently approved by the legislature, this Act shall become
8 effective on the day following such approval.

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 503 Engrossed

2024 Regular Session

Carlson

Abstract: Changes the phrase "be in any way interested" in provisions addressing prohibited transactions for appointed board and commission members and legislators to "have a substantial economic interest".

Present law (ethics code - R.S. 42:1113(B)) prohibits an appointed member of any board or commission, member of his immediate family, or legal entity in which he has a substantial economic interest shall bid on or enter into or *be in any way interested* in any contract, subcontract, or other transaction which is under the supervision or jurisdiction of the agency of such appointed member. Present law (R.S. 42:1113(C)) prohibits a legislator, member of his immediate family, or legal entity in which he has a controlling interest from bidding on or entering into or *being in any way interested* in any contract, subcontract, or other transaction involving the legislator's agency. Present law (R.S. 42:1112) further prohibits a public servant from participating in a transaction in which he, his immediately family members, and specified other persons and entities have a substantial economic interest of which he may be reasonably expected to know involving the governmental entity. Further generally prohibits an appointed board or commission member from participating or being interested in any transaction involving the agency when a violation of present law (Ethical Standards for Public Servants) would result.

On Oct. 10, 2023, a majority of the state supreme court in *Cartesian Company, Inc. v. Division of Administrative Law, et al*, 371 So. 3d 1041, found "in any way interested" unconstitutionally vague on its face as to all of its applications.

Proposed law changes the phrase "be in any way interested" to "have a substantial economic interest". Present law defines "substantial economic interest" as an economic interest which is of greater benefit to the public servant or other person than to a general class or group of persons, except the interest that the public servant has in his position, office, rank, salary, per diem, or other matter arising solely from his public employment or office; the interest that an elected official who is elected to a house, body, or authority has in a position or office of such house, body, or authority which is required to be filled by a member of such house,

body, or authority by law, legislative rule, or home rule charter; and the interest that a person has as a member of the general public.

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

(Amends R.S. 42:1113(B) and (C))