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## DIGEST

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HB 674 Reengrossed

2025 Regular Session

Beaullieu

### **Abstract:**

Provides for revisions to the Code of Governmental Ethics.

### **Definitions**

Present law (R.S. 42:1102(22)) defines "thing of economic value" and provides that certain items are, and are not, considered a thing of economic value for purposes of limitations imposed by present law (Code of Governmental Ethics), including reasonable transportation in certain circumstances. Proposed law retains present law.

Present law provides that "reasonable transportation" for purposes of legislators and employees in the legislative branch of state government when organized primarily for educational or for informational purposes, including on-site inspections, shall include transportation to any point within the boundaries of this state, including the territorial waters thereof, and to any offshore structure located on the outer continental shelf seaward of such territorial waters and offshore of La. Requires prior approval from the presiding officer of the respective house wherein such legislative employee is employed.

Proposed law retains present law as it relates to employees in the legislative branch of state government except to include transportation to any state, territory, or commonwealth of the U.S.

For purposes of legislators, proposed law repeals present law and instead provides that "reasonable transportation" when organized primarily for educational or for informational purposes, including on-site inspections, shall include transportation to any state, territory, or commonwealth of the U.S., to the territorial waters of La., and to any offshore structure located on the outer continental shelf seaward of such territorial waters and offshore of Louisiana. Further provides that when organized primarily for making a public speech, reasonable transportation includes transportation from his home, or the capitol, to and from the site of the speaking engagement from the sponsoring group or organization, provided the public speech is given in any state of the U.S. or any country in North America. Present law further provides that reasonable transportation, when organized primarily for entertainment purposes incidental to food, drink, or refreshments, shall include transportation to any point within this state that is within a fifty-mile radius of the perimeter of the legislator's district, or within a fifty-mile radius of the perimeter of the parish wherein the state capitol is located. Proposed law retains present law.

Present law provides that for employees in the legislative branch of state government, reasonable

transportation shall only be for official legislative purposes. Proposed law repeals present law.

Present law (R.S. 42:1123(16)) provides that "public speech" shall mean a speech, or other oral presentation, including a panel discussion, or radio or television appearance before the public at large, or before any civic, political, religious, educational, or eleemosynary group or organization by a member of the legislature in his capacity as a legislator. Proposed law retains present law except to provide that instead of eleemosynary groups, the provision applies to appearances before an organization qualified for an exemption from federal income tax under Section 501 of the Internal Revenue Code.

### **Payments made by nonpublic sources**

Present law (R.S. 42:1111) provides that no public servant shall receive anything of economic value, other than compensation and benefits from the governmental entity to which he is duly entitled, for the performance of the duties and responsibilities of his office or position. Present law provides for exceptions.

Proposed law retains present law except to provide that any compensation paid to any public school teacher, administrator, or supervisor, including kindergarten through the twelfth grade and postsecondary education instructional faculty and administrators for compensation from any agency participating in a state or statewide public retirement system shall be deemed as compensation from his governmental entity to which he is duly entitled. Such compensation must follow all rules regarding secondary compensation related to the public retirement system in which the public employee is participating. Such services shall be deemed to be performed for the benefit of his governmental entity, although the time spent in such matters shall not be deemed as hours worked for his governmental entity.

Proposed law further provides that any award or stipend provided to any public school teacher or administrator for his participation with any nonprofit provider of teacher or public-school administrator certification, shall be deemed as compensation from his governmental entity to which he is duly entitled. The services for which the award or stipend is received shall be deemed to be performed for the benefit of the public school.

Proposed law further provides that any stipend provided to any public school athletic trainer for services performed for the benefit of his governmental entity paid for by a private entity that provides for the health and safety of student athletes and that does not receive third party reimbursements shall be deemed as compensation from his governmental entity to which he is duly entitled.

### **Prohibited contractual arrangements**

Present law (R.S. 42:1113) prohibits certain public servants from bidding on or entering into any contract with state government. Present law provides exceptions for certain contracts.

Proposed law retains present law and further provides an exception for renewals of contracts containing an option to extend the contract under certain circumstances.

### **Limitations of food, drink, and refreshments**

Present law (R.S. 42:1115.1) limits the ability of certain persons to offer food, drink, and refreshments to public servants in certain circumstances and provides exceptions.

Proposed law retains present law and provides an additional exception allowing for public servants to participate at an event hosted by certain charitable organizations held for the purpose of educating the public servant on issues that have come before, or might reasonably be expected to come before the public servant, provided that at least 10 persons associated with the organization are invited to the gathering.

### **Acceptance of reasonable transportation**

Present law(R.S. 42:1115.2) authorizes public servants to accept complimentary reasonable transportation or reimbursement of such transportation in certain circumstances. Further requires the public servant to make certain disclosures regarding accepted transportation including the amount expended on his behalf for such transportation.

Proposed law retains present law and further provides for the method of calculating the amount expended on his behalf for air transportation by private aircraft.

### **Exceptions to the Code of Governmental Ethics**

Present law (R.S. 42:1123) provides for exceptions to the Code of Governmental Ethics, including authorization for a member of the legislature making a public speech to accept food, refreshments, and lodging reasonably related to making such speech, as well as reasonable transportation from his home, or the capitol, to and from the site of the speaking engagement from the sponsoring group or organization, provided the public speech is given in any state of the U.S. or Canada and provided such member of the legislature files a statement with the Board of Ethics disclosing certain information.

Proposed law retains present law and further provides for authorization to accept food, refreshments, and lodging reasonably related to making a speech in any territory or commonwealth of the U.S., country in North America, or the territorial waters of Louisiana, and any offshore structure located on the outer continental shelf seaward of such territorial waters and offshore of La.

Proposed law provides that the present law requirement to disclose certain information only applies if the member of the legislature is making the speech outside La., the territorial waters thereof, or any offshore structure located on the outer continental shelf seaward of the territorial waters and offshore of La.

Present law authorizes the acceptance by a public servant of anything of economic value as a gift or gratuity from any person when the value of such gift or gratuity does not exceed \$100 per event. Proposed law further provides that the public servant may not receive gifts valued more than \$200 in a calendar year.

Present law authorizes acceptance by a public servant of flowers or donations in connection with the death of a family member. Proposed law further provides that the donation may only be to a 501(c)(3) charitable organization and provides that the donation or flowers may not exceed the value of \$200.

Proposed law authorizes acceptance by a public servant of seasonal or holiday foods and non-alcoholic beverages that commemorate a religious or state holiday not to exceed \$200 in value per event and per calendar year.

Proposed law authorizes a member or the executive director of the La. Racing Commission to own a racehorse which participates in any race meeting licensed by the commission or a horse that sired or bred a racehorse that participates in a race meeting licensed by the commission, or to participate in a breeder or stallion award.

Proposed law authorizes a peace officer or fireman or his immediate family member to receive any thing of economic value from certain charitable organizations as a member of a charitable class for the purpose of offsetting economic losses suffered by the peace officer or fireman or his immediate family member.

Present law (R.S. 42:1121) provides that a former member of a board or commission shall not, for a period of two years following the termination of his public service on such board or commission, contract with, be employed in any capacity by, or be appointed to any position by that board or commission.

Proposed law retains present law except to provide that a former commissioner of the Ernest N. Morial - New Orleans Exhibition Hall Authority with at least 30 years of work experience in hospitality or hotel management serving as a commissioner as of Jan. 1, 2025, may be employed by the authority regardless of when his public service terminated upon a finding by the board of commissioners of the authority that circumstances require such action. Proposed law exception terminates on Dec. 31, 2025.

### **Financial disclosures**

Present law (R.S. 42:1124) provides for financial disclosures required of statewide elected officials, department secretaries, and other certain public servants (Tier 1). Proposed law retains present law except to require that Tier 1 filers disclose their mailing address, rather than residential address, and to eliminate the requirement that they disclose their spouse's business address.

Proposed law further requires Tier 1 filers to file their financial statements electronically.

Present law (R.S. 42:1124.2) provides for financial disclosures of certain public servants including legislators, members of the Board of Ethics, State Board of Elementary and Secondary Education, and the Board of Pardons, among others (Tier 2) and provides that amounts may be disclosed by the following categories:

- (1) Category I, less than \$5,000. Proposed law increases the value to less than \$10,000.
- (2) Category II, \$5,000-\$24,999. Proposed law increases the value to \$10,000 to \$49,999.
- (3) Category III, \$25,000-\$100,000. Proposed law increases the value to \$50,000 to \$100,000.
- (4) Category IV, more than \$100,000. Proposed law retains present law.

Proposed law further requires Tier 2 filers to file their financial statements electronically.

Present law (R.S. 42:1124.3) provides for financial disclosures of elected officials of voting districts with a population under 5,000, among others (Tier 3) and requires disclosure of income received from certain sources. Proposed law increases the minimum value of reportable income from \$250 to \$500.

Present law (R.S. 42: 1124.6) requires certain disclosures of persons appointed to a state board or commission (Tier 2.1), who made a contribution or loan to a campaign of the official who appointed him. Proposed law increases the threshold amount of the contribution or loan requiring disclosure from \$1,000 to \$2,000.

### **Assessment of penalties**

Present law (R.S. 42:1124.4) provides for the assessment of penalties by the Board of Ethics for failure to file or failure to timely file a personal financial disclosure.

Proposed law provides that the public hearings related to the assessment of penalties shall be conducted no earlier than 30 days after the subject of the hearing has received notice of the hearing. Further requires the board to provide the person who is the subject of the hearing, no later than 15 days before the hearing, with a copy of the staff report regarding the investigation of the alleged violation, a copy of all information gathered by the board, and a copy of all potential exhibits to be introduced at the hearing. Provides that the person shall have an opportunity to submit a brief response to the report and to address the board.

Proposed law further provides that the person who is the subject of the hearing shall have the power and authority to subpoena witnesses and compel the production of books, records, and papers.

Proposed law requires that the hearing be recorded at the expense of the board.

## **Duties of the Board of Ethics**

Present law (R.S. 42:1134) requires the board to provide reports and information to the governor, the legislature, and to governing authorities. Proposed law provides that such reports shall be made semi-annually and contain certain information.

Present law requires the board to conduct educational activities, seminars, and publish appropriate materials which provide instruction and information concerning the Campaign Finance Disclosure Act which shall be available to public servants in all state and local agencies, persons who do business with such agencies, candidates, lobbyists, and any other interested persons. Requires the board to make available to all interested persons via the Internet training and educational materials pertaining to the Campaign Finance Disclosure Act.

Proposed law retains present law and additionally requires the board to conduct educational seminars specifically designed to educate persons involved in filing campaign finance disclosures regarding the Campaign Financial Disclosure Act. Requires the board to make reasonable efforts to assure that the seminars qualify for continuing legal education credits and continuing education credits for certified public accountants.

## **Investigations and hearings conducted by the Board of Ethics**

Present law (R.S. 42:1141) provides for the Board of Ethics to consider complaints concerning a violation of the Code of Governmental Ethics.

Proposed law retains present law and requires the board to, after consideration of a complaint, determine by a two-thirds vote whether there is reason to believe that a respondent has committed a violation warranting an investigation based upon specific findings prescribed by proposed law.

Proposed law requires the board to give a respondent notice of his right to counsel and right not to incriminate himself.

Proposed law authorizes and provides procedures for the issuance of subpoenas during an investigation. Authorizes the Board of Ethics or the ethics administrator to require submission under oath or subpoena the production of books, records, and papers deemed relevant or material to the investigation only upon a finding that the importance of the information sought outweighs the burden of producing the information. Requires the ethics administrator to provide the Board of Ethics with a monthly report of all subpoenas issued.

Proposed law requires the subject of the investigation or any witness to produce the compelled or subpoenaed responses within 30 days after the service thereof and requires the Board of Ethics to promptly provide a copy of all questions or subpoenas submitted to any witness and the responses thereto to the subject of the investigation. Provides that oral examinations shall be made under conditions agreed upon by the subject of the investigation or witness.

Proposed law provides for the Board of Ethics to file a motion with the district court to require a

public servant or other person to comply with a subpoena, subject to contempt of court. Further authorizes the subject of the investigation or prospective witness to file a motion with the district court to protect such person from undue burden or expense related to a subpoena issued by the Board of Ethics or ethics administrator, subject to contempt of court. Authorizes the district court, upon denying any such application, to order the movant to pay the court costs and attorney's fees of the prevailing party.

Proposed law requires the Board of Ethics to, after the investigation and prior to determining whether a hearing should be conducted, grant the person subject to the investigation an opportunity to address, orally or in writing, the final report of the staff, the information gathered during the investigation, and any factual or legal issues relevant to the alleged violation by the person subject to the investigation.

Following an investigation, present law (R.S. 42:1141.4) authorizes the Board of Ethics or the Ethics Adjudicatory Board to conduct hearings.

Proposed law retains present law and requires the Board of Ethics to determine, by a two-thirds vote whether to conduct a public hearing based upon specific findings prescribed by proposed law. Requires the Board of Ethics to provide the subject of the investigation with the final report regarding the investigation and an opportunity to submit a brief response and address the board in regard to the final report prior to voting on whether to conduct a public hearing.

Present law (R.S. 42:1141.2) provides that an administrative law judge shall have at least two years of experience as an administrative law judge or, alternatively, not less than 10 years experience in the practice of law. Proposed law instead provides that a judge shall have at least two years of experience as a administrative law judge with the division of administrative law in addition to having 10 years experience in the practice of law in order to be eligible to serve on the Ethics Adjudicatory Board.

Present law (R.S. 42:1141.4) provides for notice and procedure of hearings conducted by the Board of Ethics and Ethics Adjudicatory Board.

Proposed law retains present law and requires the Board of Ethics to provide certain information to the subject of the hearing and prescribes the right of the subject of the hearing to submit a response to the final report regarding the investigation.

Present law provides for the Board of Ethics to file a motion with the district court to require a public servant or other person to comply with a subpoena. Proposed law limits present law provision to only apply for subpoenas to appear at a hearing.

Present law provides that motions to enforce a subpoena may be filed in the district court within which the public servant is found, resides, or transacts business. Proposed law instead provides for such motions to be filed where the person resides or, if the person does not reside in the state, where he transacts business.

Present law authorizes public servants and other persons subject to a hearing to have legal counsel, cross-examine witnesses, call witnesses, and present evidence on his own behalf. Proposed law retains present law and further authorizes such persons to subpoena and compel witnesses and the production of books, records, and papers.

Proposed law requires that a hearing transcript be provided to the subject of an investigation or hearing upon his request at the expense of the Board of Ethics.

Present law provides that any witness at any investigation or hearing shall be entitled to a copy of his testimony promptly upon written demand when it becomes important and relevant in a criminal proceeding or subsequent investigation or hearing, provided that the furnishing of such copy will not prejudice the public safety or security. Proposed law instead provides that a witness is entitled to a copy of his testimony without requiring that it be important or relevant in a criminal proceeding or subsequent investigation or hearing, provided that the furnishing of such copy will not prejudice the public safety or security.

Present law (R.S. 42:1141.4(D)(2)) provides that if any elected official willfully refuses or fails to appear before the Board of Ethics or the Ethics Adjudicatory Board or any court authorized to conduct any hearing or inquiry or refuses to testify or answer any question specifically, directly, and narrowly relating to the performance of his official duties on the ground that his testimony or answers would tend to incriminate him, or refuses to accept immunity from prosecution on account of any matter about which he may be asked to testify at such hearing or inquiry, such action shall be grounds for the imposition of penalties including censure or a fine of not more than \$10,000.

Proposed law repeals present law.

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

(Amends R.S. 42:1102(22), 1113(D)(2)(d), 1115.2(B)(1)(c), 1123(16) and (26), 1124(C)(1) and (2) and (E), 1124.2(D) and (E), 1124.3(C)(1)(a)(intro. para.) and (b), 1124.4(D)(3), 1124.6(A)(2), 1134(I), 1141(B)(1) and (C), 1141.2(A), and 1141.4(B)(2), (C), and (E) - (H); Adds R.S. 42:1102(24) and (25), 1111(A)(7), (8), and (9), 1115.2(C), 1121(J), 1123(48) and (49), 1134(N)(3), 1141(D) - (G), and 1141.4(B)(3); Repeals R.S. 42:1141.4(D)(2))

### Summary of Amendments Adopted by House

#### The House Floor Amendments to the engrossed bill:

1. Add the authorization for a former commissioner of the Ernest N. Morial–New Orleans Exhibition Hall Authority to be employed by the authority within two years of his service as a commissioner.
2. Add the authorization for a peace officer or fireman or his immediate family member to receive anything of economic value from certain charitable organizations as a member of a charitable class for the purpose of offsetting economic losses.



3. Remove annoyance, embarrassment, or oppression as grounds for protecting a person from a subpoena issued by the Board of Ethics.
4. Make technical changes.