

Regular Session, 2014

HOUSE BILL NO. 321

BY REPRESENTATIVES HENSGENS AND CHAMPAGNE

CAMPAIGN FINANCE DISCLOS: Provides relative to disclosure of campaign contributions made by certain persons and related persons prior to entering into a contract with the state

1 AN ACT

2 To enact R.S. 18:1501.2, relative to the Campaign Finance Disclosure Act; to require certain  
3 disclosures by persons who enter into certain contractual arrangements; to provide  
4 for civil and criminal penalties and other penalties for violations; and to provide for  
5 related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 18:1501.2 is hereby enacted to read as follows:

8 §1501.2. Contribution disclosures; contractors and related persons

9 A.(1) Each person who enters into a contract valued at ten thousand dollars  
10 or more with any entity of the executive branch of state government shall disclose  
11 to the supervisory committee the following information for each of the persons listed  
12 in Subsection B of this Section who makes a contribution, loan, or transfer of funds,  
13 including but not limited to any in-kind contribution, as defined in this Chapter, to  
14 any statewide elected official, to any candidate for statewide elected office, or to any  
15 political committee of any statewide elected official or candidate for statewide  
16 elected office. The disclosure shall include the name of the person who made the  
17 contribution, in-kind contribution, loan, or transfer of funds, the name of the  
18 statewide elected official, candidate, or political committee which received the  
19 contribution, in-kind contribution, loan, or transfer of funds, and the date and amount

1 of the contribution, in-kind contribution, loan, or transfer of funds. The person shall  
2 file the disclosures for a period of two calendar years after entering into the contract.

3 (2) The person who entered into the contract with any entity of the executive  
4 branch of state government shall file the first disclosure no later than ten business  
5 days after entering into the contract and shall include the information required by this  
6 Subsection covering the two-calendar-year period prior to and including the date the  
7 contract was entered into.

8 (3) Thereafter, the person who entered into the contract with any entity of  
9 the executive branch of state government shall make a disclosure within ten business  
10 days of a contribution, in-kind contribution, loan, or transfer of funds by a person  
11 listed in Subsection B of this Section to any statewide elected official, to any  
12 candidate for statewide elected office, or to any political committee of any statewide  
13 elected official or candidate for statewide elected office until a final disclosure is  
14 made two calendar years after entering into the contract.

15 B. The disclosures required by Subsection A of this Section shall include  
16 information regarding all of the following:

17 (1) The person who entered into the contract with any entity of the executive  
18 branch of state government.

19 (2) Any parent, holding, intermediary, or subsidiary corporation or company  
20 of any person included in Paragraph (1) of this Subsection.

21 (3) Any officer, director, trustee, partner, or senior management level  
22 employee of any person included in Paragraph (1) or (2) of this Subsection.

23 (4) Any person with an ownership interest in excess of five percent in any  
24 person included in Paragraph (1) or (2) of this Subsection.

25 (5) The spouse of any person included in Paragraph (1), (2), (3), or (4) of this  
26 Subsection.

27 (6) The minor child of any person included in Paragraph (1), (2), (3), or (4)  
28 of this Subsection.

1           C.(1) The penalties provided in R.S. 18:1505.4, 1505.5, and 1505.6  
2           applicable to person, other than a candidate or political committee, required to file  
3           reports who is supporting or opposing a major office candidate shall be applicable  
4           to a person who violates the provisions of this Section.

5           (2) In addition to all other applicable penalties, the violation of this Section  
6           renders the violator and all related persons listed in Paragraph (B)(2), (3), (4), or (5)  
7           of this Section unsuitable and ineligible to enter into a contract with any entity of the  
8           executive branch of state government for a period of three years following the  
9           violation. Further, if the finding of the violation is during the term of the contract  
10           and any amendments thereto, the contract shall be immediately terminated without  
11           liability to the state or any officer or agent thereof.

12           (3) Any subsequent violation of this Section, shall render the violator and all  
13           related persons listed in Paragraph (B)(2), (3), (4), or (5) of this Section permanently  
14           unsuitable and ineligible to enter into a contract with any entity of the executive  
15           branch of state government.

16           D.(1) The supervisory committee shall notify the division of administration  
17           of all persons who have been found in violation of this Section and unsuitable and  
18           ineligible to enter into a contract with any entity of the executive branch of state  
19           government. The division of administration shall maintain a current list of all such  
20           persons in an easily accessible location on its website.

21           (2) No entity of the executive branch of state government shall enter into a  
22           contract with any person whose name is contained on the list maintained by the  
23           division of administration pursuant to this Subsection.

24           Section 2. The Supervisory Committee on Campaign Finance Disclosure shall work  
25 with the commissioner of administration and the division of administration to develop the  
26 appropriate notifications to persons who are required to make disclosures pursuant to the  
27 provisions of this Act.

## 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)]

Hensgens

HB No. 321

**Abstract:** Requires a person who enters into a contract valued at \$10,000 or more with any entity of the executive branch of state government to disclose to the supervisory committee specified information regarding contributions to any statewide elected official, to any candidate for statewide elected office, or to any political committee of any statewide elected official or candidate for statewide elected office.

Proposed law requires each person who enters into a contract valued at \$10,000 or more with any entity of the executive branch of state government to disclose specified information regarding contributions, in-kind contributions, loans, or transfers of funds to any statewide elected official, to any candidate for statewide elected office, or to any political committee of any statewide elected official or candidate for statewide elected office from all of the following:

- (1) The person who entered into the contract with any entity of the executive branch of state government.
- (2) Any parent, holding, intermediary, or subsidiary corporation or company of any person included in (1) above.
- (3) Any officer, director, trustee, partner, or senior management level employee of any person included in (1) or (2) above.
- (4) Any person with an ownership interest in excess of five percent in any person included in (1) or (2) above.
- (5) The spouse or minor child of any person included in (1), (2), (3), or (4) above.

Proposed law requires the disclosure to the supervisory committee to be made for a period of two calendar years after entering into the contract and to include the name of the person who made the contribution, in-kind contribution, loan, or transfer of funds, the name of the statewide elected official, candidate, or political committee which received the contribution, in-kind contribution, loan, or transfer of funds, and date and the amount of the contribution, in-kind contribution, loan, or transfer of funds.

Proposed law provides that the first disclosure shall be filed no later than 10 business days after entering into the contract and shall include the information required by proposed law covering the date the contract was entered into and the two calendar years prior to that date. Proposed law then requires the person who entered into the contract to make a disclosure within 10 business days of a contribution, in-kind contribution, loan, or transfer of funds by a person listed above to any statewide elected official, to any candidate for statewide elected office, or to any political committee of any statewide elected official or candidate for statewide elected office until a final disclosure is made two calendar years after entering into the contract.

Present law (Campaign Finance Disclosure Act–CFDA) provides for civil penalties for late filing, to be assessed on persons required to file reports who knowingly fail to file or timely file the report. Further authorizes the supervisory committee, after a hearing, to impose additional civil penalties up to \$10,000 on any person required to file certain election related reports who had not filed the report by the sixth day after they are due or, in the case of other

reports, by the 11<sup>th</sup> day after they are due, with notice to the party who is the subject of the hearing. Further provides that any person required to file reports under the CFDA who knowingly and willfully fails to disclose, or knowingly and willfully fails to accurately disclose, any information required to be disclosed may be assessed a civil penalty for each day until such information is disclosed by amendment to the appropriate report. Defines "knowingly and willfully", as conduct which could have been avoided through the exercise of due diligence. Present law additionally provides for civil penalties for knowing and willful violation of the CFDA other than late filing and failing to accurately disclose. Present law provides criminal penalties for knowingly, willfully, and fraudulently failing to timely file, to disclose, or to disclose inaccurately of up to six months in jail or a fine of \$500, or both.

Proposed law applies the present law penalties applicable to a person, other than a candidate or political committee, required to file reports who is supporting or opposing a major office candidate to persons who violate proposed law.

Proposed law further provides that a violation of proposed law renders the violator and all related persons listed above (except the minor child) unsuitable and ineligible to enter into a contract with any entity of the executive branch of state government for a period of three years following the violation. Provides that if the finding of the violation was during the term of the contract and any amendments thereto, the contract shall be immediately terminated without liability to the state or any officer or agent thereof. Additionally provides that any subsequent violation shall render the violator and all related persons listed above (except the minor child) permanently unsuitable and ineligible to enter into a contract with any entity of the executive branch of state government.

Proposed law requires the supervisory committee to notify the division of administration of all persons who have been found in violation of proposed law and unsuitable and ineligible to contract with the executive branch of state government and requires the division to maintain a current list of all such persons in an easily accessible location on its website. Prohibits an entity of the executive branch of state government from entering into a contract with any person whose name is contained on the list maintained by the division.

Proposed law further directs the supervisory committee to work with the commissioner of administration and the division to develop the appropriate notifications to persons who are required to make disclosures pursuant to the provisions of proposed law.

(Adds R.S. 18:1501.2)