

# THE LOUISIANA CODE OF GOVERNMENTAL ETHICS



## I. INTRODUCTION TO THE CODE OF GOVERNMENTAL ETHICS

### A. Policy Goals (R.S. 42:1101)

- \* To ensure the public confidence in the integrity of government
- \* To ensure the independence and impartiality of elected officials and public employees
- \* To ensure that governmental decisions and policy are made in the proper channel of the government structure
- \* To ensure that public office and employment are not used for private gain

### B. Administration (R.S. 42:1131 et seq.)

#### (1) **Board of Ethics**

- Composed of 15 members; 9 appointed by the Governor; 3 elected by the Senate, 3 elected by the House of Representatives
- Term is for 5 years with a 2-term limit on Board membership
- Administers the Code as to all state and local public employees, appointed members of boards and commissions, and elected officials other than judges

#### (2) **Duties of the Board**

- Issue advisory opinions interpreting the Code (R.S. 42:1134E)
- Conduct private investigations of alleged violations of the Code (R.S. 42:1134C and 1141C)
- Establish a computerized data management system (R.S. 42:1134M)
- Conduct educational activities, seminars and publish appropriate materials to provide instruction (R.S. 42:1134N)

## II. KEY DEFINITIONS (R.S. 42:1102)

- A. **“Agency”** means a department, office, division, agency, commission, board, committee, or other organizational unit of a governmental entity.
- B. **“Agency head”** means the chief executive or administrative officer of an agency or any member of a board or commission who exercises supervision over the agency.
- C. **“Controlling interest”** means any ownership in any legal entity or beneficial interest in a trust, held by or on behalf of an individual or a member of his immediate family, either individually or collectively, which exceeds 25 percent of that legal entity.
- D. **“Immediate family”** as the term relates to a public servant means his children, spouses of children, brothers, sisters, spouses of his brothers and sisters, parents, spouse, and the parents of his spouse.
- E. **“Participate”** means not only to have final decision-making authority, but to take part in or to **have or share responsibility** for an action of the governmental entity through approval, disapproval, decision, recommendation, the rendering of advice, investigation, or the failure to act or perform a duty.
- F. **“Public employee”** means anyone, whether compensated or not, who is (a) an officer or official of a governmental entity who is not filling an elective office; (b) appointed by an elected official to a position to serve the government or government agency, when the elected official was acting in his official capacity; (c) engaged in the performance of a governmental function; or (d) is under the supervision or authority of an elected official or another governmental employee.
- G. **“Public servant”** means a public employee or an elected official.
- H. **“Regulatory employee”** means a public employee who performs the function of regulating, monitoring, or enforcing regulations of any agency.
- I. **“Substantial economic interest”** means 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 the public servant has in his public employment or the interest a person has as a member of the general public.
- J. **“Thing of economic value”** means money or any other thing having economic value, except:
- (1) promotional items having no substantial resale value;
  - (2) food, drink, or refreshments, including reasonable transportation and entertainment incident thereto, consumed while the personal guest of some person;

- (3) with reference to legislators and legislative employees only, reasonable transportation when organized primarily for educational or informational purposes, including food and drink incidental thereto; and,
- (4) salary and related benefits due to public employment.

K. **“Service”** means the performance of work, duties, or responsibilities, or the leasing, rental, or sale of movable or immovable property.

### III. GENERAL PROHIBITIONS (R.S. 42:1111 - 1121)

**NOTE: The following is a synopsis of some of the key provisions of the Code of Governmental Ethics. It is only a summary. For the official text of the provisions described below and for the text of other provisions of the Code, including information relative to exceptions to these general restrictions, refer to the Code at LSA R.S. 42:1101 et seq.**

**The Code of Governmental Ethics prohibits the:**

- A. 1111A - Receipt of a thing of economic value from a source other than the governmental entity for the performance of official duties and responsibilities.
- B. 1111C(1)(a) - Receipt of a thing of economic value for the performance of a service substantially related to public duties or which draws on non-public information.
- C. 1111C(2)(d) - Receipt of a thing of economic value by a public servant for services rendered to or for the following:
  - (1) persons who have or are seeking to obtain a contractual or other business or financial relationship with the public servant’s agency;
  - (2) persons who are regulated by the public employee’s agency; or
  - (3) persons who have substantial economic interests which may be substantially affected by the performance or nonperformance of the public employee’s official duties.

These same restrictions apply to the public servant’s spouse and to any legal entity in which the public servant exercises control or owns an interest in excess of 25%.

- D. 1115 – Elected officials and public employees are prohibited from soliciting or accepting a gift from the following persons:
  - (1) persons who have or are seeking to obtain a contractual or other business or financial relationship with the public servant’s agency; or
  - (2) persons who are seeking, for compensation, to influence the passage or defeat of legislation by the public servant’s agency.

Public employees, not elected officials, are also prohibited from soliciting or accepting a gift from the following persons:

- (1) persons who conduct operations or activities regulated by the public employee's agency; or
- (2) persons who have substantial economic interests which may be substantially affected by the performance or nonperformance of the public employee's official duties.

The prohibition against soliciting or accepting a gift from certain persons extends to officers, directors, agents, or employees of such person.

The gift prohibition does not prohibit food or drink consumed as the personal guest of the person providing the food or drink, including reasonable transportation and entertainment incidental thereto. The person providing the food and drink may not provide a public servant more than \$79<sup>1</sup> of food and drink per single event. The \$79 limit does not apply to a gathering held in conjunction with a meeting of a national or regional organization or a statewide organization of government officials or employees, or to a public servant of a post-secondary education attending a private fundraiser for the post-secondary institution.

The gift prohibition does not prohibit the receipt of promotional items having no substantial resale value (i.e.: cups, hats, or pens with a company's logo).

Section 1123(26)(b) allows teachers and other school employees to accept gifts valued at \$25 or less and \$75 as a total in one calendar year from or on behalf of students or former students.

- E. 1111E - Receipt of a thing of economic value for assisting someone with a transaction with the agency of the public servant.
- F. 1112 - Participation by a public servant in a transaction involving the governmental entity in which any of the following persons have a substantial economic interest:
  - (1) the public servant;
  - (2) any member of his immediate family;
  - (3) any person in which he has an ownership interest that is greater than the interest of a general class;
  - (4) any person of which he is an officer, director, trustee, partner, or employee;
  - (5) any person with whom he is negotiating or has an arrangement concerning prospective employment;
  - (6) any person who is indebted to him or is a party to an existing contract

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<sup>1</sup> The limitation on food, drink and refreshment (R.S. 42:1115.1(C)) shall be adjusted by the Board of Ethics according to the Consumer Price Index (CPI-U) and adopted and promulgated as a rule annually.

with him and by reason thereof is in a position to affect directly his economic interests.

An **elected official** may participate in the debate and discussion of a matter which could violate this provision, but only if he discloses the nature of the conflict on the record of his agency prior to his participation in the debate and discussion, and prior to any vote taken on the matter. The elected official is not allowed to vote on the matter and he must recuse himself. R.S. 42:1120.

**Appointed members of boards and commissions** may recuse themselves to avoid a violation of Section 1112. Unlike elected officials, they may not participate in the debate or discussion of the matter. They must recuse themselves from all participation. R.S. 42:1112D.

**Other public employees** who are not sole decision makers can be disqualified from transactions that would violate this prohibition. A mechanism for disqualification is found in the rules promulgated by the Board. R.S. 42:1112C.

- G. 1113A – For public servants, other than legislators or appointed members of boards and commission, bidding on or entering into any contract, subcontract or other transaction under the supervision or jurisdiction of the public servant’s agency. This restriction also applies to the immediate family members of the public servant and to legal entities in which the public servant and/or his family members own an interest in excess of 25%.
- 1113B - Appointed members of boards and commissions are not only prohibited from bidding on or entering into such contracts, subcontracts or transactions under the supervision or jurisdiction of their board, but also having a “substantial economic interest” in them. Also, the restriction applies to their immediate family members and legal entities in which they or their immediate family members have a “substantial economic interest.”
  - 1113C – Legislators are prohibited from bidding on, entering into or having a substantial economic interest in contracts, subcontracts or other transactions that are under the supervision or jurisdiction of the legislative branch of government. This restriction also applies to the immediate family members of the legislator and to legal entities in which the legislator and/or his family members own an interest in excess of 25%.
  - 1113D - Additional prohibition applicable to legislators, certain executive branch officials, their spouses or legal entities in which either owns an interest in excess of 5% from entering into a contract with any branch, agency, department or institution of state government, with a few exceptions.
- H. 1116 - A public servant’s use of the authority of his office to compel or coerce a person to provide himself or someone else with a thing of economic value that they are not

entitled to by law or the use of the authority of his office to compel or coerce a person to engage in political activity. Also, a regulatory employee is prohibited from participating in any way in the sale of goods or services to persons regulated by his agency, if a member of his immediate family or if a business enterprise in which the regulatory employee or members of his immediate family own in excess of 25%, receives or will receive a thing of economic value by virtue of the sale.

- I. 1117 - It is prohibited for a public servant or other person to make a payment, give, loan, transfer, or deliver or offer to give, loan, transfer or deliver a thing of economic value to a public servant when the public servant is prohibited by the Ethics Code from receiving such a thing of economic value.
  
- J. 1119 - Nepotism
  - (1) Members of the immediate family of an agency head may not be employed in the agency.
  
  - (2) Members of the immediate family of a member of a governing authority or the chief executive of a governmental entity may not be employed in the governmental entity. The term "governing authority" includes parish councils, police juries, school boards, town councils, boards of aldermen, etc.
  
  - (3) Note that the application of this restriction is not affected by whether the agency head, chief executive or governing authority member has authority over or actually participates in the hiring decision - such family members are simply ineligible for employment.
  
  - (4) **Exceptions:**
    - (a) persons employed in violation of this rule continuously since April 1, 1980;
    - (b) a person employed for one year prior to their family member becoming an agency head;
    - (c) employment of a school teacher who is a member of the immediate family of the superintendent or a school board member as long as the family member is certified to teach or is temporarily authorized to teach while pursuing certification. Annual disclosure is required and forms are available from the Ethics Administration Program office. If the required disclosure is not timely filed, a late fee assessment of \$50 per day, with a maximum penalty of \$1,500, may be imposed;
    - (d) employment as a health care provider, of an immediate family member of a hospital service district board member or of a public trust authority board member, as long as the family member is a licensed physician, allied health professional, or a registered nurse. Annual disclosure is required and forms are available from the Ethics Administration Program office. If

- the required disclosure is not timely filed, a late fee assessment of \$50 per day may be imposed, with a maximum penalty of \$1,500; or
- (e) persons employed as volunteer firefighters.

K. 1121- Post Employment

- (1) During the two year period following the termination of public service as an **agency head** or **elected official**, these individuals may not assist another for compensation, in a transaction, or in an appearance in connection with any transaction involving their former agency nor may they render any service on a contractual basis to or for their former agency.
- (2) During the two year period following the termination of public service as a **board or commission member**, these individuals may not contract with, be employed in any capacity by, or be appointed to any position by that board or commission. The Board has interpreted "board or commission" to include a collective body that shares responsibility for its actions. This would include school boards, police juries, boards of aldermen, a group of selectmen, a council, etc.
- (3) During the two year period following the termination of public service as a **public employee**, these individuals may not assist another for compensation, in a transaction, or in an appearance in connection with a transaction involving the agency in which the former public employee participated while employed by the agency nor may the former public employee provide on a contractual basis to his former public employer, any service he provided while employed there.

#### IV. PROCEDURE

- A. Complaints - The Board can initiate an investigation into any matter which it has reason to believe may be a violation of the Code by a 2/3 vote of its membership (10 votes). A certified copy of the vote and a detailed explanation of the matter are sent to the complainant and the respondent. Additionally, the Board must consider any signed sworn complaint.
- B. Investigations - The Board considers information discovered through a confidential investigation. Some cases lead to voluntary admissions of violations of the Code through the publication of a consent opinion.

#### V. PENALTIES

- A. Agency heads have a responsibility to report possible Code violations to the Board. R.S. 42:1161A
- B. Penalties that may be imposed upon a finding of a violation of the laws under the Board's

jurisdiction:

- (1) Censure of an elected official or other person within its jurisdiction and imposition of a fine of not more than \$10,000 per violation. R.S. 42:1153A
- (2) Removal, suspension, or reduction of the pay or demotion of a public employee or other person and imposition of a fine of not more than \$10,000 per violation. R.S. 42:1153B
- (3) Imposition of restrictions on a former public servant and other persons to prevent appearances before the agency and to prohibit the negotiation for or entering into business relationships with the agency. R.S. 42:1151B
- (4) Rescission of contracts, permits and licenses, without contractual liability to the public, whenever the Board finds that a violation has influenced the making of such contract, permit or license, and that such rescission is in the best interest of the public. R.S. 42:1152
- (5) Order the payment of penalties if an investigation reveals that any public servant or other person has violated the Code to his economic advantage and penalties can include the amount of such economic advantage plus one half. R.S. 42:1155A
- (6) Order the forfeiture of any gifts or payments made in violation of the Code. R.S. 42:1155B
- (7) Imposition of late fees for reports that are not timely filed. R.S. 42:1157
- (8) Object to the candidacy of a person who has an outstanding fine, fee or penalty equal to or greater than \$250 pursuant to the Code of Governmental Ethics for which all appeals have been exhausted. R.S. 18:463A(2)(a)(vii)

## **VI. PERSONAL FINANCIAL DISCLOSURE (PFD)**

- A. **PFDs must be filed annually by May 15<sup>th</sup>. The report must be filed each year the office or position is held and the year following the termination of the office or position. The report filed by May 15<sup>th</sup> covers activity in the prior calendar year.** If a public servant's term of office ends in January, he may file a "final" personal financial disclosure statement for the days served in January, if the disclosure statement is filed on or before May 15 of the year in which his service ends. By filing this "final" personal financial disclosure statement, he is not required to file the year following the termination of the holding of such office.
- B. Tier 1 PFD - Filed by persons holding statewide elected office, the secretaries of certain departments of state government, the superintendent of education, the commissioner of higher education, the president of each public postsecondary education system, and persons holding certain positions in the office of the governor. R.S. 42:1124. The penalty for late filing is \$500 per day.
- C. Tier 2 PFD – Filed by state legislators, elected officials holding a public office representing a voting district with a population of 5,000 or greater, members of the Board of Ethics, the ethics administrator, and members of the Board of Elementary



and Secondary Education, the superintendent of the Recovery School District, the executive director of the Louisiana Housing Corporation, and the members of the Board of Pardons. The penalty for late filing is \$100 per day. R.S. 42:1124.2.

- D. Tier 2.1 PFDs – Filed by members and designees of boards and commissions which have the authority to expend, disburse or invest \$10,000 or more in funds in a fiscal year, members of the State Civil Service Commission, and members of the Board of Commissioners of the Louisiana Stadium and Exposition District. The penalty for late filing is \$50 per day. R.S. 42:1124.2.1. Boards or commissions that do not have the authority to expend, disburse or invest more than \$50,000 in a fiscal year **and** whose members **are not eligible** to receive any compensation, per diem, or reimbursement of expenses for service on the board of commission are excluded from the reporting requirement.
- E. Tier 3 PFDs – Filed by elected officials holding a public office representing a voting district with a population of less than 5,000 and members of the governing authority or management board of a charter school. The penalty for late filing is \$25 per day. R.S. 42:1124.3.

## VII. ETHICS TRAINING

- A. Each **public servant** shall receive a minimum of one hour of education and training on the Code of Ethics during each year of his public employment or term of office. Each political subdivision shall designate at least one person who shall provide information, notices, and updates to employees and officials of the political subdivision and assist the board in any way necessary to fulfill the education requirements. Newly elected officials must receive training within 90 days of taking the oath of office. (R.S. 42:1170)
  - (1) Persons who are public servants solely because they are an uncompensated, volunteer fireman or an uncompensated, auxiliary or reserve law enforcement officer are exempt from the training.
  - (2) Non-salaried employees of hospitals operated by a hospital service are exempt unless the employee is authorized to enter into contracts on behalf of the hospital for goods or services or the duties of the employee include the supervision of another public employee.
  - (3) A former public servant whose public service in a calendar year lasted less than 90 days shall not be required to receive education and training.
- B. An **elected official** must receive at least one hour of Campaign Finance training during his term of office.

## VIII. MISCELLANEOUS

- A. It is a violation of the Code to have one or more employees on the payroll who are not rendering services for which they are being paid or having one or more employees on the payroll whose employment is prohibited by the nepotism section of the Code. R.S. 42:1161F
- B. No action can be maintained by the Board more than 2 years after the discovery of the occurrence of the violation nor more than 4 years after the occurrence of the violation, whichever is shorter. R.S. 42:1163
- C. Judges, as defined in the Code of Judicial Conduct, are exempt from the provisions of the Code, although employees of the judge are subject to the Code. R.S. 42:1167
- D. It is a violation of the Code for any public employee to be disciplined or otherwise subjected to acts of reprisal for reporting to his agency head, the Board, or any person of competent authority or jurisdiction, information which he reasonably believes is in violation of any law, order, rule, or regulation within the Board's jurisdiction or any other alleged acts of impropriety within any governmental entity. A person who is a public employee because of a contractual arrangement with a governmental entity or agency, whose contract is wrongfully suspended, reduced, or terminated as an act of reprisal for reporting an alleged act of impropriety, shall be entitled to reinstatement of his contract and receipt of any lost compensation under the terms of the contract. R.S. 42:1169
- E. Attorneys who are also public servants are subject to the provisions of the Code in that capacity, notwithstanding any conflicting provisions in the Code of Professional Responsibility that might otherwise allow an attorney to engage in conduct which is prohibited by the Code. A recent addition to the Code allows for an attorney, who serves on a civil service commission, to receive a thing of economic value for legal services rendered to a classified employee under the jurisdiction of the civil service commission, so long as the legal services rendered to the employee do not involve the matter before the civil service commission. The attorney shall recuse himself in a matter before the civil service commission involving the employee if he or his law firm is representing the employee in other matters.

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**Contact the Ethics Administration Program for additional information at 225-219-5600 or visit our web site at [www.ethics.la.gov](http://www.ethics.la.gov).**

NOTE: This outline does not fully state the law. If interpretations of this outline conflict with the provisions of the Code of Governmental Ethics (LSA-R.S. 42:1101, et seq.), the Code will control.
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