

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7009**

**BILL NUMBER:** HB 1250

**NOTE PREPARED:** Jan 31, 2012

**BILL AMENDED:** Jan 25, 2012

**SUBJECT:** State Government Nepotism.

**FIRST AUTHOR:** Rep. Mahan

**FIRST SPONSOR:** Sen. C. Lawson

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill provides that an individual may not be employed in the same state agency in which the individual's relative is employed or serving as an elected officer or a special state appointee. It provides that it is not a violation for a person to be employed or serve as an elected officer or special state appointee in the same agency in which the individual's relative is an employee, elected officer, or special state appointee if:

- (1) the individual's relative has been employed in the agency for at least 12 consecutive months immediately preceding the date the individual is employed in the agency; and
- (2) the related employees are not in a direct supervisory relationship.

The bill prohibits an employee, elected officer, or special state appointee from being placed in a direct supervisory relationship with a relative or business entity of which the relative is a partner, executive officer, or sole proprietor. It provides that a person within an agency who violates the nepotism statute may be subject to the penalties enforced by the State Ethics Commission. The bill also repeals provisions concerning employment of relatives in state agencies.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** (Revised) Individuals who violate the provisions of this bill would be subject to the penalties under IC 4-2-6-12. This statute provides that the State Ethics Commission may take any of the following actions upon finding violations:

- (1) Impose a civil penalty upon a respondent not to exceed three times the value of any benefit received

from the violation.

- (2) Cancel a contract.
- (3) Bar a person from entering into a contract with an agency or a state officer for a period specified by the Commission.
- (4) Order restitution or disgorgement.
- (5) Reprimand, suspend, or terminate an employee or a special state appointee.
- (6) Reprimand or recommend the impeachment of a state officer.
- (7) Bar a person from future state employment as an employee or future appointment as a special state appointee.
- (8) Revoke a license or permit issued by an agency.
- (9) Bar a person from obtaining a license or permit issued by an agency.
- (10) Revoke the registration of a person registered as a lobbyist under IC 4-2-8.
- (11) Bar a person from future lobbying activity with a state officer or agency.

**Explanation of State Revenues:** (Revised) Civil penalties would be deposited in the state General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State Ethics Commission; All.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Jessica Harmon, 317-232-9854.