

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7009

BILL NUMBER: HB 1250

NOTE PREPARED: Mar 11, 2012

BILL AMENDED: Feb 20, 2012

SUBJECT: State Government Nepotism.

FIRST AUTHOR: Rep. Mahan

FIRST SPONSOR: Sen. C. Lawson

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill prohibits an individual who is employed by a state agency from being: (1) employed in the same agency in which the individual's relative is the appointing authority; and (2) placed in the direct line of supervision of a relative. It allows a job assignment that existed on July 1, 2012, to be continued. It allows an individual employed in an agency for at least 12 consecutive months immediately preceding the date the individual's relative becomes the appointing authority of the agency to: (1) remain employed by the agency; and (2) be within the direct line of supervision of the relative. It prohibits an individual from contracting with or supervising the work of a business entity of which a 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: 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: 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:

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