

Financial disclosure laws mostly weak

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Louisiana is near the bottom of national rankings when it comes to requiring public officials to disclose private financial dealings.

Even by comparison with other Gulf Coast states, Louisiana still lags.

All nearby states require some level of personal financial disclosure by elected officials, including the governor's mansion, the legislature and local government.

Most states require disclosure from holders of key nonelected jobs.

The public revelation of the sources of an official's personal wealth is one of the main issues being debated in the campaigns of candidates running for the state Legislature and statewide offices in Louisiana.

Louisiana is one of the few states that mostly shield from easy scrutiny the ability to determine whether the officials who spend taxpayer dollars stand to personally benefit from decisions they are supposed to be making in the public interest.

"The trend is toward more disclosure of income, not less. The reason is the whole issue of conflict of interest," said Peggy Kerns, director of the Ethics Center for the National Conference of State Legislatures.

Alabama, Arkansas, Florida, Mississippi and Texas have laws forcing public officials — and sometimes their families — to annually disclose their sources of income and debts.

Arkansas' elected officials, even those not receiving pay, are required to file disclosures.

Alabama's law requires state, county and municipal employees who make more than \$50,000 a year to file personal financial reports.

Mississippi's filers include the presidents and trustees of state-supported colleges plus members of state boards, commissions or agencies.

Laws in Alabama, Florida and Texas extend to judges.

And Texas requires reporting by the state chair of any political party receiving more than 2 percent of the votes for governor in the most recent general election.

Most of the laws have been on the books since the 1970s in the post-Watergate scandal era, according to ethics officials in the five states.

Governor, but little more

Louisiana receives high marks from the government watchdog groups for what this state requires its governor and gubernatorial candidates to disclose: specific sources of income, debts and who is owed, real estate value, and other financial dealings. The reporting is done in six financial ranges so people can get an idea of how much money is involved. The first category is less than \$5,000 and the sixth is \$200,000 or more.

But Louisiana is one of five states that do not require other officials elected statewide to file personal disclosure statements.

Louisiana is one of nine states — the only one in the South — that does not require some financial disclosure by nonelected executive branch appointees that run regulatory agencies and departments.

Louisiana legislators are required only to file annual reports disclosing income they or their spouse receive from state and local governments and gambling interests.

The failure of Louisiana to pass laws to include more government officials under the disclosure umbrella is hurting the state's national image and its economic development and growth potential, say business and civic leaders who are making it an issue with candidates during the current state election season.

"We just don't think a state with our reputation can afford to have that kind of gap," said Baton Rouge Area Chamber CEO Stephen Moret, who led the LA Ethics 1 failed effort during the 2007 legislative session to require legislators to expose their personal finances. The Legislature killed it in a dispute over just who else should be covered.

At the top, and bottom

The Center for Public Integrity ranks Louisiana third-best in the nation for the level of disclosure required of governors and governor's candidates. The state falls behind only Washington and Hawaii in the center's 50-state rankings.

But when it comes to opening the personal ledgers of individual legislators, Louisiana ranks 44th, according to the Center for Public Integrity.

The Better Government Association puts Louisiana at 46th out of 50 states based on its analysis.

Kerns of the NCSL, a national association that serves as a clearinghouse of information for the state legislatures, said more states also are requiring family

members, such as spouses and children living at home, to disclose the sources of their incomes.

“The trend definitely is to tighten financial disclosure. No state is weakening laws,” Kerns said.

Graham Sloane, director of the Arkansas Ethics Commission, said: “The first response is ‘If it’s good enough for us, it’s good for everybody. ... Let’s spread the joy and make everybody do it.’

“If you are going to conduct the people’s business, the people have a right to know if there are any potential conflicts. The people have a right to know who butters your bread,” Sloane said.

Florida’s example

In Florida, all elected constitutional officers and all candidates for the positions must report the net worth as well as sources of income, debts owed and other personal financial data. Statewide elected officials are included, as well as legislators, judges, sheriffs, clerks of court, tax collectors, supervisors of elections, county commissioners and some school executives.

“To me it gives people an opportunity to sit down and remind themselves where conflicts might come up,” said Florida Ethics Commission director Philip Claypool. “It may have some value in that psychological process.”

Claypool said his office talks regularly with the U.S. attorney’s office about the disclosure forms.

“They are very interested in them,” Claypool said. “If they can prove that someone failed to report to the public they think that may be enough to constitute a federal crime.”

Claypool said he is sure some people don’t run for office because of the requirements, but “The bigger problem is people wake up after they have been appointed to boards and didn’t know they had to report.”

‘Open government’

About 3,000 disclosure reports are filed annually with the Texas Ethics Commission, said Tim Sorrells, the commission’s deputy general counsel.

Texas has one law that sets financial disclosure requirements for state officers and another that deals with county officials, Sorrells said.

There’s been some form of financial disclosure since the early 1970s “so people are used to it,” Sorrells said. “I think they are a good source for people. It promotes open government.”

Mississippi's disclosure law has been in effect since 1979, said Tom Hood, executive director of the Mississippi Ethics Commission.

There have been very few changes since then in the law that requires filing of reports by most people elected by popular vote, candidates for office, heads of state agencies, members of state boards and commissions and a few others, Hood said.

"We have the same level of disclosure for all public officials, from the alderman of the smallest town to the governor," Hood said.

Officials must report annually all sources of income more than \$2,500 received by the filer or their spouse. But specific business names are not required, just its type and the nature of the income such as salary, retainer, etc., according to that state's ethics commission.

Disclosure allows the public to see where potential conflicts of interest may lie, said Hugh R. Evans III, general counsel for the Alabama Ethics Commission. Knowing that anyone has access to the information necessary to track decisions officials make involving public money to sources that may enrich them personally deters potential wrong-doing, Evans said. "It's a pretty good deterrent."