



February 10, 2012

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## ENGROSSED HOUSE BILL No. 1250

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DIGEST OF HB 1250 (Updated February 8, 2012 10:15 am - DI 102)

**Citations Affected:** IC 4-15.

**Synopsis:** State government nepotism. 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. Allows a job assignment that existed on July 1, 2012, to be continued. 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. 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. Provides that a person within an agency who violates the nepotism statute may be subject to the penalties enforced by the state ethics commission. Repeals provisions concerning employment of relatives in state agencies.

**Effective:** July 1, 2012.

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### Mahan, Bosma, Stemler

(SENATE SPONSORS — LAWSON C, HOLDMAN)

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January 9, 2012, read first time and referred to Committee on Government and Regulatory Reform.

January 25, 2012, amended, reported — Do Pass.

January 30, 2012, read second time, ordered engrossed. Engrossed.

January 31, 2012, read third time, passed. Yeas 92, nays 4.

SENATE ACTION

February 1, 2012, read first time and referred to Committee on Pensions and Labor.

February 9, 2012, amended, reported favorably — Do Pass.

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February 10, 2012

Second Regular Session 117th General Assembly (2012)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2011 Regular Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1250

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 4-15-7.1 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2012]:

4 **Chapter 7.1. Employment of Relatives**

5 **Sec. 1. This chapter does not prohibit the continuation of a job**  
6 **assignment that existed on July 1, 2012.**

7 **Sec. 2. As used in this chapter, "agency" has the meaning set**  
8 **forth in IC 4-2-6-1.**

9 **Sec. 3. As used in this chapter, "appointing authority" means:**

10 (1) an elected officer;

11 (2) the head of an agency, a department, a division, a board,  
12 or a commission; or

13 (3) an individual or group of individuals who have the power  
14 by law or by lawfully delegated authority to make  
15 appointments.

16 **Sec. 4. As used in this chapter, "direct line of supervision"**  
17 **means the chain of command in which the superior affects or has**

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1 the authority to affect, the terms and conditions of the  
 2 subordinate's employment, including making decisions about work  
 3 assignments, compensation, grievances, advancements, or  
 4 performance evaluation.

5 Sec. 5. As used in this chapter, "employed" refers to all  
 6 employment, including full-time, part-time, temporary,  
 7 intermittent, and hourly. The term includes service as an elected  
 8 officer or special state appointee.

9 Sec. 6. (a) As used in this chapter "relative" means any of the  
 10 following:

- 11 (1) A spouse.
- 12 (2) A parent or stepparent.
- 13 (3) A child or stepchild.
- 14 (4) A brother, sister, stepbrother, or stepsister.
- 15 (5) A niece or nephew.
- 16 (6) An aunt or uncle.
- 17 (7) A daughter-in-law or son-in-law.

18 (b) For purposes of this section, an adopted child of an  
 19 individual is treated as a natural child of the individual.

20 (c) For purposes of this section, the terms "brother" and  
 21 "sister" include a brother or sister by the half blood.

22 Sec. 7. As used in this chapter, "special state appointee" has the  
 23 meaning set forth in IC 4-2-6-1.

24 Sec. 8. An individual employed in an agency may not hire a  
 25 relative.

26 Sec. 9. (a) Except as provided in subsection (b), an individual  
 27 may not be employed in the same agency in which an individual's  
 28 relative is the appointing authority.

29 (b) An individual may be employed in the same agency in which  
 30 the individual's relative is the appointing authority, if the  
 31 individual has been employed in the same agency for at least twelve  
 32 (12) consecutive months immediately preceding the date the  
 33 individual's relative becomes the appointing authority.

34 Sec. 10. Except as provided in section 9(b) of this chapter, an  
 35 individual may not be placed in a relative's direct line of  
 36 supervision.

37 Sec. 11. An individual employed in an agency may not contract  
 38 with or supervise the work of a business entity of which a relative  
 39 is a partner, executive officer, or sole proprietor.

40 Sec. 12. Any person within an agency who knowingly  
 41 participates in a violation of this chapter is subject to the penalties  
 42 set forth in IC 4-2-6-12.



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1 SECTION 2. IC 4-15-7 IS REPEALED [EFFECTIVE JULY 1,  
2 2012]. (Employment of Relatives by Public Officials Prohibited).

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred House Bill 1250, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 5 through 6.

Page 1, line 7, delete "2." and insert "1."

Page 2, line 2, delete "3." and insert "2."

Page 2, line 4, delete "does not include the situation" and insert **"includes service as an elected officer or special state appointee."**

Page 2, delete line 5.

Page 2, line 6, delete "4." and insert "3."

Page 2, between lines 14 and 15, begin a new paragraph and insert:

**"Sec. 4. As used in this chapter, "special state appointee" means a person who is:**

**(1) not a state officer or employee; and**

**(2) elected or appointed to an authority, a board, a commission, a committee, a council, a task force, or other body designated by any name that:**

**(A) is authorized by statute or executive order; and**

**(B) functions in a policy or an advisory role in the executive (including the administrative) department of state government, including a separate body corporate and politic."**

Page 2, delete lines 15 through 20, begin a new paragraph and insert:

**"Sec. 5. Except as provided in section 7 of this chapter, an individual may not be employed in the same agency in which an individual's relative is employed."**

Page 2, line 21, delete "or serving as an" and insert **"may not hire or be placed in a direct supervisory relationship with:"**.

Page 2, delete line 22.

Page 2, line 27, delete "or serves." and insert ".".

Page 2, delete lines 28 through 42, begin a new paragraph and insert:

**"Sec. 7. Section 5 of this chapter is not violated if:**

**(1) an individual's relative has been employed in the same agency for at least twelve (12) consecutive months immediately preceding the date the individual is employed in the same agency; and**

**(2) the employment does not violate section 6 of this chapter.**



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**Sec. 8. Any person within an agency who participates in a violation of this chapter is subject to the penalties set forth in IC 4-2-6-12."**

Page 3, delete line 1.

and when so amended that said bill do pass.

(Reference is to HB 1250 as introduced.)

MAHAN, Chair

Committee Vote: yeas 11, nays 0.

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COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred House Bill No. 1250, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between lines 4 and 5, begin a new paragraph and insert:

**"Sec. 1. This chapter does not prohibit the continuation of a job assignment that existed on July 1, 2012."**

Page 1, line 5, delete "1." and insert "2."

Page 1, line 5, delete "means an authority, a" and insert **"has the meaning set forth in IC 4-2-6-1."**

**Sec. 3. As used in this chapter, "appointing authority" means:**

- (1) an elected officer;**
- (2) the head of an agency, a department, a division, a board, or a commission; or**
- (3) an individual or group of individuals who have the power by law or by lawfully delegated authority to make appointments.**

**Sec. 4. As used in this chapter, "direct line of supervision" means the chain of command in which the superior affects or has the authority to affect, the terms and conditions of the subordinate's employment, including making decisions about work assignments, compensation, grievances, advancements, or performance evaluation."**

Page 1, delete lines 6 through 16.

Page 1, line 17, delete "2." and insert "5."

Page 2, line 1, after "part-time," insert **"temporary,"**

Page 2, line 2, delete "contractual employment." and insert **"hourly."**

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Page 2, line 4, delete "3." and insert "**6. (a)**".

Page 2, delete lines 6 through 12, begin a new line block indented and insert:

- "(1) A spouse.**
- (2) A parent or stepparent.**
- (3) A child or stepchild.**
- (4) A brother, sister, stepbrother, or stepsister.**
- (5) A niece or nephew.**
- (6) An aunt or uncle.**
- (7) A daughter-in-law or son-in-law.**

**(b) For purposes of this section, an adopted child of an individual is treated as a natural child of the individual.**

**(c) For purposes of this section, the terms "brother" and "sister" include a brother or sister by the half blood."**

Page 2, line 13, delete "4." and insert "7."

Page 2, line 13, delete "means" and insert "**has the meaning set forth in IC 4-2-6-1.**

**Sec. 8. An individual employed in an agency may not hire a relative.**

**Sec. 9. (a) Except as provided in subsection (b), an individual may not be employed in the same agency in which an individual's relative is the appointing authority.**

**(b) An individual may be employed in the same agency in which the individual's relative is the appointing authority, if the individual has been employed in the same agency for at least twelve (12) consecutive months immediately preceding the date the individual's relative becomes the appointing authority.**

**Sec. 10. Except as provided in section 9(b) of this chapter, an individual may not be placed in a relative's direct line of supervision.**

**Sec. 11. An individual employed in an agency may not contract with or supervise the work of a business entity of which a relative is a partner, executive officer, or sole proprietor."**

Page 2, delete lines 14 through 39.

Page 2, line 40, delete "8." and insert "**12.**".

Page 2, line 40, after "who" insert "**knowingly**".

and when so amended that said bill do pass.

(Reference is to HB 1250 as printed January 25, 2012.)

BOOTS, Chairperson

Committee Vote: Yeas 7, Nays 1.

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