

2024 Regular Session

HOUSE BILL NO. 914

BY REPRESENTATIVE AMEDEE

FINANCIAL INSTITUTIONS: Provides relative to practices of financial institutions to provide or deny services

1 AN ACT

2 To enact R.S. 6:424, relative to prohibited practices of financial institutions; to provide for
3 definitions; to prohibit unsafe and unsound practices; to prohibit the denial or
4 cancellation of certain services based on certain factors; to provide for exceptions;
5 to provide for compliance and form submissions; to provide for violations by
6 financial institutions; to provide for unfair and deceptive practices; to provide for
7 severability; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 6:424 is hereby enacted to read as follows:

10 §424. Unsafe and unsound practices for financial institutions

11 A. As used in this Section:

12 (1) "Discriminate" means utilizing a social credit score to directly or
13 indirectly decline to provide full and equal enjoyment in the provision of financial
14 services and includes refusing to provide, terminating, or restricting financial
15 services.

16 (2) "Financial institution" has the meaning ascribed to it in R.S. 6:2. The
17 term "financial institution" also includes any of the following:

18 (a) A bank that has total assets over one hundred billion dollars.

1 (b) A payment processor, credit card company, credit card network, payment
2 network, payment service provider, or payment gateway that has processed more
3 than one hundred billion dollars in transactions in the last calendar year.

4 (c) A financial institution includes any affiliate or subsidiary company even
5 if that company is also a financial institution.

6 (3) "Financial service" means any product or service offered by a financial
7 institution.

8 (4) "Person" means any individual, partnership, association, joint stock
9 company, trust, corporation, nonprofit organization, or other business or legal entity.

10 (5) "Protected from government interference" means any speech, religious
11 exercise, association, expression, or conduct that is protected by the First
12 Amendment of the Constitution of the United States other than activities that the
13 Supreme Court of the United States has expressly held are unprotected, including but
14 not limited to as obscenity, fraud, incitement, true threats, fighting words, or
15 defamation.

16 B. Financial institutions shall make determinations about the provision or
17 denial of services based on an analysis of risk factors unique to each current or
18 prospective customer or member and may not engage in an unsafe and unsound
19 practice as provided in this Section. This Subsection does not restrict a financial
20 institution that claims a religious purpose from making such determinations based
21 on the current or prospective religious beliefs, religious exercise, or religious
22 affiliations of a customer or member.

23 C. It is an unsafe and unsound practice for a financial institution to deny or
24 cancel its services to a person or to otherwise discriminate against a person in
25 making available such services or in the terms or conditions of such services on the
26 basis of any of the following:

27 (1) Political opinions, speech, or affiliations.

28 (2) Except as provided in Subsection B of this Section, religious beliefs,
29 religious exercise, or religious affiliations.

1 (3) Any factor if it is not a quantitative, impartial, and risk-based standard,
2 including any such factor related to the person's business sector.

3 (4) The use of any rating, scoring, analysis, tabulation, or action that
4 considers a person's social credit score based on factors including but not limited to
5 any of the following:

6 (a) Political opinions, speech, or affiliations.

7 (b) Religious beliefs, religious exercise, or religious affiliations.

8 (c) Lawful ownership of a firearm.

9 (d) Engagement in the lawful manufacture, distribution, sale, purchase, or
10 use of firearms or ammunition.

11 (e) Engagement in the exploration, production, utilization, transportation,
12 sale, or manufacture of fossil fuel-based energy, timber, mining, or agriculture.

13 (f) Support of the state or federal government in combating illegal
14 immigration, drug trafficking, or human trafficking.

15 (g) Engagement with, facilitation of, employment by, support of, business
16 relationship with, representation of, or advocacy for any person described in this
17 Paragraph.

18 (h) Failure to meet or commit to meet or expected failure to meet any of the
19 following as long as such person is in compliance with applicable state or federal
20 law:

21 (i) Environmental standards including emissions standards, benchmarks,
22 requirements, or disclosures.

23 (ii) Social governance standards, benchmarks, or requirements including but
24 not limited to environmental or social justice.

25 (iii) Corporate board or company employment composition standards,
26 benchmarks, requirements, or disclosures based on characteristics protected by
27 federal and state law.

1 (iv) Policies or procedures requiring or encouraging employee participation
2 in social justice programming including but not limited to diversity, equity, or
3 inclusion training.

4 D. Under penalty of perjury, financial institutions shall attest on a form
5 prescribed by the office of financial institutions whether the entity is acting in
6 compliance with this Section by January first of each calendar year.

7 E. A financial institution shall be in violation of and subject to the applicable
8 sanctions and penalties provided for in the Louisiana Banking Law if the institution
9 engages in a practice described in Subsection C of this Section or fails to timely
10 provide the attestation in accordance with Subsection D of this Section.

11 F. Notwithstanding provisions of R.S. 51:1406(1), a practice described in
12 Subsection C of this Section constitutes a violation of the Louisiana Unfair Trade
13 Practices and Consumer Protection Law and any financial institution that violates
14 this Section are subject to the enforcement provisions of the Unfair Trade Practices
15 and Consumer Protection Act.

16 Section 2. If any provision of this Act or the application thereof is held invalid, such
17 invalidity shall not affect other provisions or applications of this Act which can be given
18 effect without the invalid provisions or applications, and to this end the provisions of this
19 Act are hereby declared severable.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 914 Original 2024 Regular Session Amedee

Abstract: Prohibits financial institutions for denying or canceling services or discriminating against a person on the basis of certain factors.

Proposed law defines certain terms in accordance with their use in proposed law.

Proposed law requires a financial institution to make determinations about the services provided based on an analysis of risk factors. Proposed law further provides that a financial institution may not engage in an unsafe and unsound practice as provided in proposed law.

Proposed law provides that it is an unsafe and unsound practice for a financial institution to deny or cancel its services or to otherwise discriminate against a person on the basis of any of the following:

- (1) Political opinions, speech, or affiliations.
- (2) Religious beliefs, religious exercise, or religious affiliations.
- (3) Any factor if it is not a quantitative, impartial, and risk-based standard.
- (4) The use of any rating, scoring, analysis, tabulation, or action that considers a social credit score based on certain factors.

Proposed law requires financial institutions to annually attest to compliance of proposed law on a form prescribed by the office of financial institutions.

Proposed law provides that if a financial institution engages in a practice described in proposed law or fails to timely provide the attestation in accordance with proposed law, the financial institution shall be subject to applicable sanctions and penalties provided for present law.

Proposed law provides that if proposed law is held invalid, the invalidity shall not affect any other provisions proposed law.

(Adds R.S. 6:424)