

By: Wolens

H.B. No. 1606

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to ethics of public servants, including the functions and  
3 duties of the Texas Ethics Commission; the regulation of political  
4 contributions, political advertising, lobbying, and conduct of  
5 public servants; and the reporting of political contributions and  
6 personal financial information; providing civil and criminal  
7 penalties.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

9 ARTICLE 1. FUNCTIONS AND DUTIES OF TEXAS ETHICS COMMISSION

10 SECTION 1.01. Section 571.002, Government Code, is amended  
11 by adding Subdivision (2-a) to read as follows:

12 (2-a) "Executive director" means the executive  
13 director of the commission.

14 SECTION 1.02. Section 571.022, Government Code, is amended  
15 to read as follows:

16 Sec. 571.022. SUNSET PROVISION. The commission is subject  
17 to review under Chapter 325 (Texas Sunset Act), but is not abolished  
18 under that chapter. The commission shall be reviewed during the  
19 periods in which state agencies abolished in 2015 [~~2003~~] and every  
20 12th year after that year are reviewed.

21 SECTION 1.03. Subchapter B, Chapter 571, Government Code,  
22 is amended by adding Sections 571.0231 and 571.0232 to read as  
23 follows:

24 Sec. 571.0231. RESTRICTION ON COMMISSION MEMBERSHIP. A

1 person may not be a member of the commission if the person is  
2 required to register as a lobbyist under Chapter 305.

3 Sec. 571.0232. GROUNDS FOR REMOVAL. (a) It is a ground for  
4 removal from the commission that a member:

5 (1) does not have at the time of taking office the  
6 qualifications required by Section 24a, Article III, Texas  
7 Constitution;

8 (2) does not maintain during service on the commission  
9 the qualifications required by Section 24a, Article III, Texas  
10 Constitution;

11 (3) is ineligible for membership under Section  
12 571.0231;

13 (4) cannot, because of illness or disability,  
14 discharge the member's duties for a substantial part of the member's  
15 term; or

16 (5) is absent from more than half of the regularly  
17 scheduled commission meetings that the member is eligible to attend  
18 during a calendar year without an excuse approved by a majority vote  
19 of the commission.

20 (b) The validity of an action of the commission is not  
21 affected by the fact that it is taken when a ground for removal of a  
22 commission member exists.

23 (c) If the executive director has knowledge that a potential  
24 ground for removal exists, the executive director shall notify the  
25 presiding officer of the commission of the potential ground. The  
26 presiding officer shall then notify the governor and the attorney  
27 general that a potential ground for removal exists. If the

1 potential ground for removal involves the presiding officer, the  
2 executive director shall notify the next highest ranking officer of  
3 the commission, who shall then notify the governor and the attorney  
4 general that a potential ground for removal exists.

5 SECTION 1.04. Section 571.026(c), Government Code, is  
6 amended to read as follows:

7 (c) An [~~Except as otherwise provided by this chapter, an~~]  
8 action or recommendation of the commission requiring a vote of the  
9 commission is not valid unless:

10 (1) the action or recommendation is approved by a  
11 record [~~the~~] vote [~~is~~] taken at a meeting of the commission with a  
12 quorum present; and

13 (2) except as otherwise provided by this chapter, the  
14 action or recommendation receives an affirmative vote of a majority  
15 of the membership of the commission.

16 SECTION 1.05. Section 571.027(a), Government Code, is  
17 amended to read as follows:

18 (a) A member of the commission may not participate in a  
19 commission proceeding relating to any of the following actions if  
20 the member is the subject of the action:

21 (1) a formal investigation by the commission;  
22 (2) a sworn complaint filed with the commission; or  
23 (3) a motion adopted by [~~an affirmative record~~] vote  
24 of [~~at least six members of~~] the commission.

25 SECTION 1.06. Subchapter B, Chapter 571, Government Code,  
26 is amended by adding Sections 571.0271 and 571.030-571.0303 to read  
27 as follows:

1       Sec. 571.0271. COMMISSION MEMBER TRAINING. (a) A person  
2 who is appointed to and qualifies for office as a member of the  
3 commission may not vote, deliberate, or be counted as a member in  
4 attendance at a meeting of the commission until the person  
5 completes a training program that complies with this section.

6       (b) The training program must provide the person with  
7 information regarding:

8               (1) the legislation that created the commission;

9               (2) the programs operated by the commission;

10              (3) the role and functions of the commission;

11              (4) the rules of the commission, with an emphasis on  
12 the rules that relate to disciplinary and investigatory authority;

13              (5) the current budget for the commission;

14              (6) the results of the most recent formal audit of the  
15 commission;

16              (7) the requirements of:

17                      (A) the open meetings law, Chapter 551;

18                      (B) the public information law, Chapter 552;

19                      (C) the administrative procedure law, Chapter  
20 2001; and

21                      (D) other laws relating to public officials,  
22 including conflict-of-interest laws; and

23              (8) any applicable ethics policies adopted by the  
24 commission.

25       (c) A person appointed to the commission is entitled to  
26 reimbursement, as provided by the General Appropriations Act, for  
27 the travel expenses incurred in attending the training program

1 regardless of whether the attendance at the program occurs before  
2 or after the person qualifies for office.

3 Sec. 571.030. SEPARATION OF RESPONSIBILITIES. The  
4 commission shall develop and implement policies that clearly  
5 separate the policy-making responsibilities of the commission and  
6 the management responsibilities of the executive director and the  
7 staff of the commission.

8 Sec. 571.0301. INFORMATION TO MEMBERS AND EMPLOYEES. The  
9 executive director or the executive director's designee shall  
10 provide to members and employees of the commission, as often as  
11 necessary, information regarding the requirements for office or  
12 employment under this chapter, including information regarding a  
13 person's responsibilities under applicable laws relating to  
14 standards of conduct for state officers or employees.

15 Sec. 571.0302. EQUAL EMPLOYMENT POLICY. (a) The executive  
16 director or the executive director's designee shall prepare and  
17 maintain a written policy statement that implements a program of  
18 equal employment opportunity to ensure that all personnel decisions  
19 are made without regard to race, color, disability, sex, religion,  
20 age, or national origin.

21 (b) The policy statement must include:

22 (1) personnel policies, including policies relating  
23 to recruitment, evaluation, selection, training, and promotion of  
24 personnel, that show the intent of the commission to avoid the  
25 unlawful employment practices described by Chapter 21, Labor Code;  
26 and

27 (2) an analysis of the extent to which the composition

1 of the commission's personnel is in accordance with state and  
2 federal law and a description of reasonable methods to achieve  
3 compliance with state and federal law.

4 (c) The policy statement must:

5 (1) be updated annually;

6 (2) be reviewed by the state Commission on Human  
7 Rights for compliance with Subsection (b)(1); and

8 (3) be filed with the governor's office.

9 Sec. 571.0303. TRAINING ON STATE EMPLOYEE INCENTIVE  
10 PROGRAM. The executive director or the executive director's  
11 designee shall provide to commission employees information and  
12 training on the benefits and methods of participation in the state  
13 employee incentive program.

14 SECTION 1.07. Section 571.033, Government Code, is  
15 renumbered as Section 571.0221, Government Code, and amended to  
16 read as follows:

17 Sec. 571.0221 [~~571.033~~]. DISCRIMINATION PROHIBITED.  
18 Appointments to the commission shall be made without regard to the  
19 [This chapter may not be applied to discriminate on the basis of]  
20 race, color, disability, sex, age, national origin, or religion of  
21 the appointees.

22 SECTION 1.08. Section 254.0361, Election Code, is  
23 transferred to Subchapter C, Chapter 571, Government Code, is  
24 redesignated as Section 571.0671, Government Code, and is amended  
25 to read as follows:

26 Sec. 571.0671 [~~254.0361~~]. REQUIREMENTS FOR ELECTRONIC  
27 FILING SOFTWARE. (a) Computer software provided or approved by the

1 commission for use under Section 254.036(b), Election Code, or  
2 Section 302.013 or 305.0064 must:

3 (1) use a standardized format for the entry of names,  
4 addresses, and zip codes;

5 (2) provide for secure and encoded transmission of  
6 data from the computer of a person filing a report to the computers  
7 used by the commission;

8 (3) be capable of being used by a person with basic  
9 computing skills [~~who uses a computer that uses a Windows operating~~  
10 ~~system, Macintosh operating system, or another operating system~~  
11 ~~that the commission determines is as popular as those systems for~~  
12 ~~use with personal computers~~]; [and]

13 (4) provide confirmation to a person filing a report  
14 that the report was properly received; and

15 (5) permit a person using a computer to prepare a  
16 report or to retrieve information from a report to import  
17 information to the report from a variety of computer software  
18 applications that meet commission specifications for a standard  
19 file format or export information from the report to a variety of  
20 computer software applications that meet commission specifications  
21 for a standard file format without the need to reenter information.

22 (b) Before determining the specifications for computer  
23 software developed, purchased, or licensed for use under Section  
24 254.036, Election Code, or Section 302.013 or 305.0064, the  
25 commission shall conduct at least one public hearing to discuss the  
26 specifications. For at least 10 days following the hearing, the  
27 commission shall accept public comments concerning the software

1 specifications.

2 (c) The commission may provide software for use under  
3 Section 254.036(b), Election Code, or Section 302.013 or 305.0064  
4 by making the software available on the Internet. If the commission  
5 makes the software available on the Internet, the commission is not  
6 required to provide the software on computer diskettes, CD-ROMs, or  
7 other storage media without charge to persons required to file  
8 reports under that section, but may charge a fee for providing the  
9 software on storage media. A fee under this subsection may not  
10 exceed the cost to the commission of providing the software.

11 SECTION 1.09. Subchapter C, Chapter 571, Government Code,  
12 is amended by adding Section 571.0672 to read as follows:

13 Sec. 571.0672. PROPOSITION OF TECHNOLOGICAL SOLUTIONS. The  
14 commission shall develop and implement a policy requiring the  
15 executive director and commission employees to research and propose  
16 appropriate technological solutions to improve the commission's  
17 ability to perform its functions. The technological solutions  
18 must:

19 (1) ensure that the public is able to easily find  
20 information about the commission on the Internet;

21 (2) ensure that persons who want to use the  
22 commission's services are able to:

23 (A) interact with the commission through the  
24 Internet; and

25 (B) access any service that can be provided  
26 effectively through the Internet; and

27 (3) be cost-effective and developed through the



1 commission's planning processes.

2 SECTION 1.10. Section 571.069, Government Code, is amended  
3 by amending Subsections (a) and (b) and adding Subsection (f) to  
4 read as follows:

5 (a) The commission shall [~~may~~] review for facial compliance  
6 randomly selected statements and reports [~~a statement or report~~]  
7 filed with the commission and may review any available documents.  
8 The commission shall [~~may~~] return for resubmission with corrections  
9 or additional documentation a statement or report that does not, in  
10 the opinion of the commission, comply with the law requiring the  
11 statement or report. A statement or report returned for  
12 resubmission is considered to have been filed on the date the  
13 statement or report was originally filed if:

14 (1) the statement or report is resubmitted to the  
15 commission not later than the seventh business day after the date  
16 the person filing the statement or report receives the returned  
17 statement or report; and

18 (2) the resubmitted statement or report complies with  
19 law.

20 (b) The commission may by adopted motion initiate a  
21 preliminary review as provided by Section 571.124 or [~~an~~  
22 ~~affirmative record vote of at least six commission members~~] perform  
23 a complete audit of a statement or report:

24 (1) if, before the 31st day after the date the  
25 statement or report was originally due, the executive director does  
26 not obtain from the person information that permits the executive  
27 director to determine that the statement or report complies with

1 law;

2 (2) if a statement or report returned for resubmission  
3 is not resubmitted within the time prescribed by Subsection (a); or

4 (3) on an affirmative vote of at least six commission  
5 members that a statement or report resubmitted under Subsection  
6 (a), together with any corrections or additional documentation,  
7 does not, in the opinion of the commission, comply with the law  
8 requiring the statement or report [~~only at an informal or formal~~  
9 ~~hearing~~].

10 (f) This section may not be construed as limiting or  
11 affecting the commission's authority to, on the filing of a motion  
12 or receipt of a sworn complaint, review or investigate the  
13 sufficiency of a statement or report.

14 SECTION 1.11. Section 571.073, Government Code, is amended  
15 to read as follows:

16 Sec. 571.073. REPORT. On or before December 31 of each  
17 even-numbered year, the commission shall report to the governor and  
18 legislature. The report must include:

19 (1) each advisory opinion issued by the commission  
20 under Subchapter D in the preceding two years;

21 (2) a summary of commission activities in the  
22 preceding two years, including:

23 (A) the number of sworn complaints filed with the  
24 commission;

25 (B) the number of sworn complaints dismissed for  
26 noncompliance with statutory form requirements;

27 (C) the number of sworn complaints dismissed for

1 lack of jurisdiction;

2 (D) the number of sworn complaints dismissed  
3 after a finding of no credible evidence of a violation;

4 (E) the number of sworn complaints dismissed  
5 after a finding of a lack of sufficient evidence to determine  
6 whether a violation within the jurisdiction of the commission has  
7 occurred;

8 (F) the number of sworn complaints resolved by  
9 the commission through an agreed order;

10 (G) the number of sworn complaints in which the  
11 commission issued an order finding a violation and the resulting  
12 penalties, if any; and

13 (H) the number and amount of civil penalties  
14 imposed for failure to timely file a statement or report, the number  
15 and amount of those civil penalties fully paid, the number and  
16 amount of those civil penalties partially paid, and the number and  
17 amount of those civil penalties no part of which has been paid, for  
18 each of the following category of statements and reports, listed  
19 separately:

20 (i) financial statements required to be  
21 filed under Chapter 572;

22 (ii) political contribution and  
23 expenditure reports required to be filed under Section 254.063,  
24 254.093, 254.123, 254.153, or 254.157, Election Code;

25 (iii) political contribution and  
26 expenditure reports required to be filed under Section 254.064(b),  
27 254.124(b), or 254.154(b), Election Code;

1                   (iv) political contribution and  
2 expenditure reports required to be filed under Section 254.064(c),  
3 254.124(c), or 254.154(c), Election Code;

4                   (v) political contribution and expenditure  
5 reports required to be filed under Section 254.038 or 254.039,  
6 Election Code; and

7                   (vi) political contribution and  
8 expenditure reports required to be filed under Section 254.0391,  
9 Election Code; and

10               (3) recommendations for any necessary statutory  
11 changes.

12               SECTION 1.12. Subchapter C, Chapter 571, Government Code,  
13 is amended by adding Sections 571.078 and 571.079 to read as  
14 follows:

15               Sec. 571.078. NEGOTIATED RULEMAKING AND ALTERNATIVE  
16 DISPUTE RESOLUTION. (a) The commission shall develop and  
17 implement a policy to encourage the use of:

18                   (1) negotiated rulemaking procedures under Chapter  
19 2008 for the adoption of commission rules; and

20                   (2) appropriate alternative dispute resolution  
21 procedures under Chapter 2009 to assist in the resolution of  
22 internal and external disputes under the commission's  
23 jurisdiction.

24               (b) Subsection (a)(2) does not apply to a preliminary review  
25 or preliminary review hearing under Sections 571.124 through  
26 571.126.

27               (c) The commission's procedures relating to alternative

1 dispute resolution must conform, to the extent possible, to any  
2 model guidelines issued by the State Office of Administrative  
3 Hearings for the use of alternative dispute resolution by state  
4 agencies.

5 (d) The commission shall designate a trained person to:

6 (1) coordinate the implementation of the policy  
7 adopted under Subsection (a);

8 (2) serve as a resource for any training needed to  
9 implement the procedures for negotiated rulemaking or alternative  
10 dispute resolution; and

11 (3) collect data concerning the effectiveness of those  
12 procedures, as implemented by the commission.

13 Sec. 571.079. POSTING INFORMATION RELATING TO UNPAID  
14 PENALTIES ON WEBSITE. (a) Not later than the 15th day after the  
15 date on which an application for a place on the general primary  
16 election ballot or for nomination by convention is required to be  
17 filed, the commission shall post on its Internet website:

18 (1) the name and address of each candidate for an  
19 office specified by Section 252.005(1), Election Code, who has  
20 failed to pay a civil penalty imposed by the commission for failure  
21 to file with the commission a required report or statement under  
22 Chapter 254, Election Code, or Chapter 572; and

23 (2) for each candidate listed under Subdivision (1),  
24 the amount of the penalty imposed and the amount paid, if any.

25 (b) The commission shall remove from the commission's  
26 Internet website information posted under this section as soon as  
27 practicable after the candidate pays the civil penalty in full.

1 SECTION 1.13. Section 571.121(a), Government Code, is  
2 amended to read as follows:

3 (a) The commission may:

4 (1) hold hearings, on its own motion adopted by a [an  
5 affirmative record] vote of the [at least six] commission [members]  
6 or on a sworn complaint, and render decisions on complaints or  
7 reports of violations as provided by this chapter; and

8 (2) agree to the settlement of issues.

9 SECTION 1.14. Subchapter E, Chapter 571, Government Code,  
10 is amended by adding Sections 571.1211 and 571.1212 to read as  
11 follows:

12 Sec. 571.1211. DEFINITIONS. In this subchapter:

13 (1) "Campaign communication" and "political  
14 advertising" have the meanings assigned by Section 251.001,  
15 Election Code.

16 (2) "Category One violation" means a violation of a  
17 law within jurisdiction of the commission as to which it is  
18 generally not difficult to ascertain whether the violation occurred  
19 or did not occur, including:

20 (A) the failure by a person required to file a  
21 statement or report to:

22 (i) file the required statement or report  
23 in a manner that complies with applicable requirements; or

24 (ii) timely file the required statement or  
25 report;

26 (B) a violation of Section 255.001, Election  
27 Code;

1           (C) a misrepresentation in political advertising  
2 or a campaign communication relating to the office held by a person  
3 in violation of Section 255.006, Election Code;

4           (D) a failure to include in any written political  
5 advertising intended to be seen from a road the right-of-way notice  
6 in violation of Section 255.007, Election Code; or

7           (E) a failure to timely respond to a written  
8 notice under Section 571.123(b).

9           (3) "Category Two violation" means a violation of a  
10 law within the jurisdiction of the commission that is not a Category  
11 One violation.

12           Sec. 571.1212. CATEGORIZATION OF VIOLATIONS. An allegation  
13 of a violation listed as a Category One violation shall be treated  
14 as a Category Two violation if the executive director at any time  
15 determines that:

16           (1) the allegation arises out of the same set of facts  
17 as those that give rise to an allegation of a Category Two  
18 violation, and the interests of justice or efficiency require  
19 resolution of the allegations together; or

20           (2) the facts and law related to a particular  
21 allegation or a defense to the allegation present a level of  
22 complexity that prevents resolution through the preliminary review  
23 procedures for Category One violations prescribed by Section  
24 571.1242(a).

25           SECTION 1.15. Section 571.122(a), Government Code, is  
26 amended to read as follows:

27           (a) An individual may file with the commission a sworn

1 complaint, on a form prescribed by the commission, alleging that a  
2 person subject to a law administered and enforced by the commission  
3 has violated a rule adopted by or a law administered and enforced by  
4 the commission. The commission shall make the complaint form  
5 available on the Internet.

6 SECTION 1.16. Section 571.123(b), Government Code, is  
7 amended to read as follows:

8 (b) Not later than the fifth [~~14th~~] business day after the  
9 date a complaint is filed, the commission shall send written notice  
10 to the complainant and the respondent. The notice must state  
11 whether the complaint complies with the form requirements of  
12 Section 571.122.

13 SECTION 1.17. Sections 571.124(a)-(c), (e), and (f),  
14 Government Code, are amended to read as follows:

15 (a) The commission staff [~~promptly~~] shall promptly conduct  
16 a preliminary review on receipt of a written complaint that is in  
17 compliance with the form requirements of Section 571.122.

18 (b) On a motion adopted by an affirmative record vote of the  
19 [~~at least six~~] commission [~~members~~], the commission, without a  
20 sworn complaint, may initiate a preliminary review of the matter  
21 that is the subject of the motion.

22 (c) The executive director [~~commission by record vote~~]  
23 shall determine in writing whether the commission has jurisdiction  
24 over the violation of law alleged in a sworn complaint processed  
25 under Section 571.123.

26 (e) If the executive director [~~commission~~] determines that  
27 the commission has jurisdiction, the notice under Section



1 571.123(b) must include:

2 (1) a statement that the commission has jurisdiction  
3 over the violation of law alleged in the complaint;

4 (2) a statement of whether the complaint will be  
5 processed as a Category One violation or a Category Two violation,  
6 subject to reconsideration as provided for by Section 571.1212;

7 (3) the date by which the respondent is required to  
8 respond to the notice;

9 (4) a copy of the complaint and the rules of procedure  
10 of the commission;

11 (5) [~~2~~] a statement of the rights of the respondent;

12 (6) [~~3~~] a statement inviting the respondent to  
13 provide to the commission any information relevant to the  
14 complaint; and

15 (7) a statement that a failure to timely respond to the  
16 notice will be treated as a separate violation [~~(4) the date the~~  
17 ~~commission will begin a preliminary review of the complaint~~].

18 (f) If the executive director [~~commission~~] determines that  
19 the commission does not have jurisdiction over the violation  
20 alleged in the complaint, the executive director [~~commission~~]  
21 shall:

22 (1) dismiss the complaint; and

23 (2) not later than the fifth business day after the  
24 date of the dismissal, send to the complainant and the respondent  
25 written notice of the dismissal and the grounds for the dismissal.

26 SECTION 1.18. Subchapter E, Chapter 571, Government Code,  
27 is amended by adding Sections 571.1241-571.1244 to read as follows:

1           Sec. 571.1241. REVIEW OF EXECUTIVE DIRECTOR'S  
2 DETERMINATION OF NO JURISDICTION. (a) If the executive director  
3 determines that the commission does not have jurisdiction over the  
4 violation alleged in the complaint, the complainant may request  
5 that the commission review the determination. A request for review  
6 under this section must be filed not later than the 30th day after  
7 the date the complainant receives the executive director's  
8 determination.

9           (b) The commission may reverse the executive director's  
10 determination only on the affirmative vote of at least six members.

11           (c) Not later than the fifth business day after the date of  
12 the commission's determination under this section, the commission  
13 shall send written notice to the complainant and the respondent  
14 stating whether the commission has jurisdiction over the violation  
15 alleged in the complaint. If the commission determines that the  
16 commission has jurisdiction, the notice must include the items  
17 listed in Section 571.124(e).

18           Sec. 571.1242. PRELIMINARY REVIEW: RESPONSE BY RESPONDENT.

19           (a) If the alleged violation is a Category One violation:

20                   (1) the respondent must respond to the notice required  
21 by Section 571.123(b) not later than the 10th business day after the  
22 date the respondent receives the notice; and

23                   (2) if the matter is not resolved by agreement between  
24 the commission and the respondent before the 30th business day  
25 after the date the respondent receives the notice under Section  
26 571.123(b), the commission shall set the matter for a preliminary  
27 review hearing to be held at the next commission meeting for which

1 notice has not yet been posted.

2 (b) If the alleged violation is a Category Two violation:

3 (1) the respondent must respond to the notice required  
4 by Section 571.123(b) not later than the 25th business day after the  
5 date the respondent receives the notice under Section 571.123(b);  
6 and

7 (2) if the matter is not resolved by agreement between  
8 the commission and the respondent before the 75th business day  
9 after the date the respondent receives the notice under Section  
10 571.123(b), the commission shall set the matter for a preliminary  
11 review hearing to be held at the next commission meeting for which  
12 notice has not yet been posted.

13 (c) A respondent's failure to timely respond as required by  
14 Subsection (a)(1) or (b)(1) is a Category One violation.

15 (d) The response required by Subsection (a) or (b) must  
16 include any challenge the respondent seeks to raise to the  
17 commission's exercise of jurisdiction. In addition, the respondent  
18 may:

19 (1) acknowledge the occurrence or commission of a  
20 violation;

21 (2) deny the allegations contained in the complaint  
22 and provide evidence supporting the denial; or

23 (3) agree to enter into an assurance of voluntary  
24 compliance or other agreed order, which may include an agreement to  
25 immediately cease and desist.

26 (e) If the commission sets the matter for a preliminary  
27 review hearing, the commission shall promptly send to the

1 complainant and the respondent written notice of the date, time,  
2 and place of the preliminary review hearing.

3 Sec. 571.1243. PRELIMINARY REVIEW: WRITTEN QUESTIONS.  
4 During a preliminary review, the commission staff may submit to the  
5 complainant or respondent written questions reasonably intended to  
6 lead to the discovery of matters relevant to the investigation.

7 Sec. 571.1244. PRELIMINARY REVIEW AND PRELIMINARY REVIEW  
8 PROCEDURES. The commission shall adopt procedures for the conduct  
9 of preliminary reviews and preliminary review hearings. The  
10 procedures must include:

11 (1) a reasonable time for responding to questions  
12 submitted by the commission and commission staff and subpoenas  
13 issued by the commission; and

14 (2) the tolling or extension of otherwise applicable  
15 deadlines where:

16 (A) the commission issues a subpoena and the  
17 commission's meeting schedule makes it impossible to both provide a  
18 reasonable time for response and to comply with the otherwise  
19 applicable deadlines; or

20 (B) the commission determines that, despite  
21 commission staff's diligence and the reasonable cooperation of the  
22 respondent, a matter is too complex to resolve within the otherwise  
23 applicable deadlines without compromising either the commission  
24 staff's investigation or the rights of the respondent.

25 SECTION 1.19. Section 571.125, Government Code, is amended  
26 to read as follows:

27 Sec. 571.125. PRELIMINARY REVIEW HEARING: PROCEDURE. (a)

1 The commission shall conduct a preliminary review hearing if:

2 (1) following the preliminary review, the commission  
3 and the respondent cannot agree to the disposition of the complaint  
4 or motion; or

5 (2) the respondent in writing requests a hearing.

6 (b) The commission shall provide written notice to the  
7 complainant, if any, and the respondent of the date, time, and place  
8 the commission will conduct the preliminary review hearing.

9 (c) At or after the time the commission provides notice of a  
10 preliminary review hearing, the commission may submit to the  
11 complainant and the respondent written questions and require those  
12 questions to be answered under oath within a reasonable time.

13 (d) During a preliminary review hearing, the commission:

14 (1) may consider all submitted evidence related to the  
15 complaint or to the subject matter of a motion under Section  
16 571.124(b);

17 (2) may review any documents or material related to  
18 the complaint or to the motion; and

19 (3) shall determine whether there is credible evidence  
20 that provides cause for the commission to conclude that a violation  
21 within the jurisdiction of the commission has occurred.

22 (e) [~~(b)~~] During a preliminary review hearing, the  
23 respondent may appear before the commission with the assistance of  
24 counsel, if desired by the respondent, and present any relevant  
25 evidence, including a written statement.

26 SECTION 1.20. The heading to Section 571.126, Government  
27 Code, is amended to read as follows:

1           Sec. 571.126. PRELIMINARY REVIEW HEARING: RESOLUTION.

2           SECTION 1.21. Sections 571.126(a), (b), and (d), Government  
3 Code, are amended to read as follows:

4           (a) As soon as practicable after the completion of a  
5 preliminary review hearing, the commission by [~~record~~] vote shall  
6 issue a decision stating:

7                   (1) whether there is credible evidence for the  
8 commission to determine that a violation within the jurisdiction of  
9 the commission has occurred and whether the violation is technical  
10 or de minimis; or

11                   (2) that there is insufficient evidence for the  
12 commission to determine whether a violation within the jurisdiction  
13 of the commission has occurred.

14           (b) If the commission determines that there is credible  
15 evidence for the commission to determine that a violation has  
16 occurred, the commission shall resolve and settle the complaint or  
17 motion to the extent possible. If the commission successfully  
18 resolves and settles the complaint or motion, not later than the  
19 fifth business day after the date of the final resolution of the  
20 complaint or motion, the commission shall send to the complainant,  
21 if any, and the respondent a copy of the decision stating the  
22 commission's determination and written notice of the resolution and  
23 the terms of the resolution. If the commission is unsuccessful in  
24 resolving and settling the complaint or motion, the commission [~~in~~  
25 ~~its discretion~~] shall:

26                   (1) order a formal [~~an informal~~] hearing to be held in  
27 accordance with Sections 571.129 through 571.132 [~~Section~~

1 ~~571.127~~]; and

2 (2) not later than the fifth business day after the  
3 date of the decision, send to the complainant, if any, and the  
4 respondent:

5 (A) a copy of the decision;

6 (B) ~~and~~ written notice of the date, time, and  
7 place of the formal ~~[informal]~~ hearing;

8 (C) a statement of the nature of the alleged  
9 violation;

10 (D) a description of the evidence of the alleged  
11 violation;

12 (E) a copy of the complaint or motion;

13 (F) a copy of the commission's rules of  
14 procedure; and

15 (G) a statement of the rights of the respondent.

16 (d) If the commission determines that there is insufficient  
17 credible evidence for the commission to determine that a violation  
18 within the jurisdiction of the commission has occurred, the  
19 commission may dismiss the complaint or motion or promptly conduct  
20 a formal ~~[an informal]~~ hearing under Sections 571.129 through  
21 571.132 ~~[Section 571.127]~~. Not later than the fifth business day  
22 after the date of the commission's determination under this  
23 subsection, the commission shall send to the complainant, if any,  
24 and the respondent a copy of the decision stating the commission's  
25 determination and written notice of the grounds for the  
26 determination.

27 SECTION 1.22. Section 571.129, Government Code, is amended

1 to read as follows:

2           Sec. 571.129. FORMAL HEARING: STANDARD OF EVIDENCE.  
3 During a formal hearing, the commission shall determine by a  
4 preponderance of the [~~clear and convincing~~] evidence whether a  
5 violation within the jurisdiction of the commission has occurred.

6           SECTION 1.23. Sections 571.132(a) and (b), Government Code,  
7 are amended to read as follows:

8           (a) Not later than the 30th business day after the date the  
9 State Office of Administrative Hearings issues a proposal for  
10 decision [~~formal hearing is completed~~], the commission shall  
11 convene a meeting and by motion shall issue:

12                   (1) a final decision stating the resolution of the  
13 formal hearing; and

14                   (2) a written report stating in detail the  
15 commission's findings of fact, conclusions of law, and  
16 recommendation of criminal referral or imposition of a civil  
17 penalty, if any.

18           (b) The motion must be adopted by [~~record~~] vote of the  
19 commission [~~at least six members if the final decision is that a~~  
20 ~~violation has occurred or by five members if the final decision is~~  
21 ~~that a violation has not occurred~~].

22           SECTION 1.24. Subchapter E, Chapter 571, Government Code,  
23 is amended by amending Sections 571.135 and 571.136 and adding  
24 Section 571.1351 to read as follows:

25           Sec. 571.135. PUBLIC INTEREST INFORMATION[~~, STATUS OF~~  
26 ~~COMPLAINT~~]. (a) The commission shall develop plain-language  
27 materials as described by this section [~~prepare information of~~



1 ~~public interest describing the functions of the commission and the~~  
2 ~~procedures by which sworn or other complaints are filed with and~~  
3 ~~resolved by the commission].~~ The commission shall distribute the  
4 materials [~~make the information available~~] to the public and  
5 appropriate state agencies.

6 (b) The materials must include:

7 (1) a description of:

8 (A) the commission's responsibilities;

9 (B) the types of conduct that constitute a  
10 violation of a law within the jurisdiction of the commission;

11 (C) the types of sanctions the commission may  
12 impose;

13 (D) the commission's policies and procedures  
14 relating to complaint investigation and resolution; and

15 (E) the duties of a person filing a complaint  
16 with the commission; and

17 (2) a diagram showing the basic steps in the  
18 commission's procedures relating to complaint investigation and  
19 resolution.

20 (c) The commission shall provide the materials described by  
21 this section to each complainant and respondent.

22 (d) The commission shall adopt a policy to effectively  
23 distribute materials as required by this section.

24 Sec. 571.1351. STATUS OF COMPLAINT. (a) [~~(b)~~] The  
25 commission shall keep an information file about each sworn or other  
26 complaint filed with the commission. The file must include:

27 (1) the name of the person who filed the complaint;

1           (2) the date the complaint is received by the  
2 commission;

3           (3) the subject matter of the complaint;

4           (4) the name of each person contacted in relation to  
5 the complaint;

6           (5) a summary of the results of the review or  
7 investigation of the complaint; and

8           (6) an explanation of the reason the file was closed,  
9 if the commission closed the file without taking action other than  
10 to investigate the complaint.

11           (b) The commission shall provide to the person filing the  
12 complaint and to each person who is a subject of the complaint a  
13 copy of the commission's policies and procedures relating to  
14 complaint investigation and resolution.

15           (c) In addition to the notice required by Sections 571.123  
16 [571.124] through 571.132, the commission, at least quarterly [and]  
17 until final disposition of a complaint, shall notify the person who  
18 filed the complaint [complainant] and each person who is a subject  
19 of the complaint [the respondent], if any, of the status of the  
20 sworn or other complaint.

21           Sec. 571.136. EXTENSION OF DEADLINE. The commission may,  
22 on its own motion or on the reasonable request of a respondent,  
23 extend any deadline for action relating to a sworn complaint,  
24 motion, preliminary review[~~informal~~] hearing, or formal hearing.

25           SECTION 1.25. Section 571.137, Government Code, is amended  
26 by amending Subsections (a) and (e) and adding Subsections  
27 (a-1)-(a-3) to read as follows:

1 (a) In connection with [~~an informal or~~] a formal hearing,  
2 the commission, as authorized by this chapter, may subpoena and  
3 examine witnesses and documents that directly relate to a sworn  
4 complaint.

5 (a-1) In connection with a preliminary review, the  
6 commission, for good cause and as authorized by this chapter, may  
7 subpoena documents and witnesses on application by the commission  
8 staff and a motion adopted by a vote of at least six members of the  
9 commission, for the purpose of attempting to obtain from the  
10 documents or witnesses specifically identified information, if the  
11 commission reasonably believes that the specifically identified  
12 information:

13 (1) is likely to be determinative as to whether the  
14 subject of an investigation has violated a law within the  
15 jurisdiction of the commission;

16 (2) can be determined from the documents or is known by  
17 the witnesses; and

18 (3) is not reasonably available through a less  
19 intrusive means.

20 (a-2) The commission shall adopt procedures for the  
21 issuance of subpoenas under this section.

22 (a-3) A copy of a subpoena issued under this section [~~of the~~  
23 ~~commission~~] must be delivered to the respondent.

24 (e) A subpoenaed witness who attends a commission hearing is  
25 entitled to the same mileage and per diem payments as a witness who  
26 appears before a grand jury. A person who provides subpoenaed  
27 documents to the commission is entitled to reimbursement from the

1 commission for the person's reasonable cost of producing the  
2 documents.

3 SECTION 1.26. Section 571.138, Government Code, is amended  
4 to read as follows:

5 Sec. 571.138. STATUS OF COMPLAINANT. The complainant is  
6 not a party to a preliminary review, preliminary review[~~, informal~~]  
7 hearing, or formal hearing under this subchapter.

8 SECTION 1.27. Sections 571.139(a) and (b), Government Code,  
9 are amended to read as follows:

10 (a) Except as provided by Section 571.140(b), Chapter 552  
11 does not apply to documents or any additional evidence relating to  
12 the processing, preliminary review, preliminary review[~~, informal~~]  
13 hearing, or resolution of a sworn complaint or motion.

14 (b) Chapter 551 does not apply to the processing,  
15 preliminary review, preliminary review[~~, informal~~] hearing, or  
16 resolution of a sworn complaint or motion, but does apply to a  
17 formal hearing held under Sections 571.129 through 571.131.

18 SECTION 1.28. Section 571.140, Government Code, is amended  
19 by amending Subsections (a)-(c) and adding Subsections (b-1), (e),  
20 and (f) to read as follows:

21 (a) Except as provided by Subsection (b) or (b-1) or by  
22 Section 571.171, proceedings at a preliminary review [~~or informal~~]  
23 hearing performed by the commission, a sworn complaint, and  
24 documents and any additional evidence relating to the processing,  
25 preliminary review, preliminary review[~~, informal~~] hearing, or  
26 resolution of a sworn complaint or motion are confidential and may  
27 not be disclosed unless entered into the record of a formal hearing

1 or a judicial proceeding, except that a document or statement that  
2 was previously public information remains public information.

3 (b) An order issued by the commission after the completion  
4 of a preliminary review or [~~an informal~~] hearing determining that a  
5 violation other than a technical or de minimis violation has  
6 occurred is not confidential.

7 (b-1) A commission employee may, for the purpose of  
8 investigating a sworn complaint or motion, disclose to the  
9 complainant, the respondent, or a witness information that is  
10 otherwise confidential and relates to the sworn complaint if:

11 (1) the employee makes a good faith determination that  
12 the disclosure is necessary to conduct the investigation;

13 (2) the employee's determination under Subdivision (1)  
14 is objectively reasonable;

15 (3) the executive director authorizes the disclosure;  
16 and

17 (4) the employee discloses only the information  
18 necessary to conduct the investigation.

19 (c) A person commits an offense if the person discloses  
20 information made confidential by this section. An offense under  
21 this subsection is a Class C [~~A~~] misdemeanor.

22 (e) The commission shall terminate the employment of a  
23 commission employee who violates Subsection (a).

24 (f) A commission employee who discloses confidential  
25 information in compliance with Subsection (b-1) is not subject to  
26 Subsections (c), (d), and (e).

27 SECTION 1.29. Subchapter E, Chapter 571, Government Code,

1 is amended by adding Section 571.141 to read as follows:

2 Sec. 571.141. AVAILABILITY OF COMMISSION ORDERS ON  
3 INTERNET. (a) As soon as practicable following a preliminary  
4 review, preliminary review hearing, or formal hearing at which the  
5 commission determines that a person has committed a violation  
6 within the commission's jurisdiction, the commission shall make  
7 available on the Internet:

8 (1) a copy of the commission's order stating the  
9 determination; or

10 (2) a summary of the commission's order.

11 (b) This section does not apply to a determination of a  
12 violation that is technical or de minimis.

13 SECTION 1.30. Section 571.171, Government Code, is amended  
14 to read as follows:

15 Sec. 571.171. INITIATION AND REFERRAL. (a) On a motion  
16 adopted by an affirmative [~~record~~] vote of at least six commission  
17 members, the commission may initiate civil enforcement actions and  
18 refer matters to the appropriate prosecuting attorney for criminal  
19 prosecution.

20 (b) On receipt of a sworn complaint, if the executive  
21 director reasonably believes that the person who is the subject of  
22 the complaint has violated Chapter 36 or 39, Penal Code, the  
23 executive director may refer the matter to the appropriate  
24 prosecuting attorney for criminal prosecution.

25 (c) In making a referral to a prosecuting attorney under  
26 this section, the commission or executive director may disclose  
27 confidential information.

1 SECTION 1.31. Subchapter F, Chapter 571, Government Code,  
2 is amended by adding Section 571.1731 to read as follows:

3 Sec. 571.1731. WAIVER OR REDUCTION OF LATE FILING PENALTY.

4 (a) A person may request the waiver or reduction of a civil penalty  
5 under Section 305.033(b) or 572.033(b) of this code or Section  
6 254.042(b), Election Code, by submitting an affidavit to the  
7 executive director that states the filer's reasons for requesting a  
8 waiver or reduction.

9 (b) The commission may waive or reduce a civil penalty if  
10 the commission finds that a waiver or reduction is in the public  
11 interest and in the interest of justice. The commission shall  
12 consider the following before acting to waive or reduce a civil  
13 penalty:

14 (1) the facts and circumstances supporting the  
15 person's request for a waiver or reduction;

16 (2) the seriousness of the violation, including the  
17 nature, circumstances, consequences, extent, and gravity of the  
18 violation, and the amount of the penalty;

19 (3) any history of previous violations by the person;

20 (4) the demonstrated good faith of the person,  
21 including actions taken to rectify the consequences of the  
22 violation;

23 (5) the penalty necessary to deter future violations;

24 and

25 (6) any other matter that justice may require.

26 (c) After hearing the waiver request, the commission may  
27 affirm, reduce, or waive the civil penalty.

1 SECTION 1.32. Sections 571.124(d), 571.127, and 571.128,  
2 Government Code, are repealed.

3 SECTION 1.33. Sections 571.0231 and 571.0271, Government  
4 Code, as added by this Act, do not affect the entitlement of a  
5 member of the Texas Ethics Commission serving on the commission  
6 immediately before September 1, 2003, to continue to serve and  
7 function as a member of the commission for the remainder of the  
8 member's term. Sections 571.0231 and 571.0271, Government Code, as  
9 added by this Act, apply only to a member appointed on or after  
10 September 1, 2003.

11 SECTION 1.34. The changes in law made to Chapter 571,  
12 Government Code, as amended by this article, do not affect the  
13 authority of the Texas Ethics Commission regarding a statement,  
14 report, or registration filed before the effective date of this  
15 Act. A statement, report, or registration filed before that date is  
16 governed by the law in effect immediately before that date, and the  
17 former law is continued in effect for that purpose.

18 ARTICLE 2. CAMPAIGN FINANCE AND POLITICAL ADVERTISING

19 SECTION 2.01. Section 251.001(16), Election Code, is  
20 amended to read as follows:

21 (16) "Political advertising" means a communication  
22 supporting or opposing a candidate for nomination or election to a  
23 public office or office of a political party, a political party, a  
24 public officer, or a measure that:

25 (A) in return for consideration, is published in  
26 a newspaper, magazine, or other periodical or is broadcast by radio  
27 or television; or



1 (B) appears:

2 (i) in a pamphlet, circular, flier,  
3 billboard or other sign, bumper sticker, or similar form of written  
4 communication; or

5 (ii) on an Internet website.

6 SECTION 2.02. Section 251.005, Election Code, is amended by  
7 amending Subsection (a) and adding Subsection (d) to read as  
8 follows:

9 (a) An out-of-state political committee is not subject to  
10 Chapter 252 or 254, except as provided by Subsection (b), ~~(c)~~ (c),  
11 or (d).

12 (d) An out-of-state political committee that does not file a  
13 campaign treasurer appointment shall comply with Section 254.1581.

14 SECTION 2.03. Chapter 252, Election Code, is amended by  
15 adding Section 252.0011 to read as follows:

16 Sec. 252.0011. INELIGIBILITY FOR APPOINTMENT AS CAMPAIGN  
17 TREASURER. (a) Except as provided by Subsection (b) or (c), a  
18 person is ineligible for appointment as a campaign treasurer if the  
19 person is the campaign treasurer of a political committee that does  
20 not file a report required by Chapter 254.

21 (b) The period for which a person is ineligible under  
22 Subsection (a) for appointment as a campaign treasurer ends on the  
23 date on which the political committee in connection with which the  
24 person's ineligibility arose has filed each report required by  
25 Chapter 254 that was not timely filed or has paid all fines and  
26 penalties in connection with the failure to file the report.

27 (c) Subsection (a) does not apply to a person if, in any

1 semiannual reporting period prescribed by Chapter 254:

2 (1) the political committee in connection with which  
3 the person's ineligibility arose did not accept political  
4 contributions that in the aggregate exceed \$5,000 or make political  
5 expenditures that in the aggregate exceed \$5,000; and

6 (2) the candidate who or political committee that  
7 subsequently appoints the person does not accept political  
8 contributions that in the aggregate exceed \$5,000 or make political  
9 expenditures that in the aggregate exceed \$5,000.

10 (d) Subsection (c) applies to a person who is the campaign  
11 treasurer of a general-purpose committee regardless of whether the  
12 committee files monthly reports under Section 254.155. For  
13 purposes of this subsection, political contributions accepted and  
14 political expenditures made during a monthly reporting period are  
15 aggregated with political contributions accepted and political  
16 expenditures made in each other monthly reporting period that  
17 corresponds to the semiannual reporting period that contains those  
18 months.

19 (e) A candidate or political committee is considered to have  
20 not appointed a campaign treasurer if the candidate or committee  
21 appoints a person as campaign treasurer whose appointment is  
22 prohibited by Subsection (a).

23 (f) A person who violates this section is liable for a civil  
24 penalty not to exceed three times the amount of political  
25 contributions accepted or political expenditures made in violation  
26 of this section.

27 SECTION 2.04. Chapter 252, Election Code, is amended by

1 adding Section 252.0131 to read as follows:

2 Sec. 252.0131. TERMINATION OF CAMPAIGN TREASURER  
3 APPOINTMENT BY COMMISSION. (a) The commission by rule shall adopt  
4 a process by which the commission may terminate the campaign  
5 treasurer appointment of an inactive candidate or political  
6 committee that:

7 (1) is required to file a campaign treasurer  
8 appointment with the commission;

9 (2) has never filed or has ceased to file reports under  
10 Chapter 254;

11 (3) in the case of a candidate, has not been elected to  
12 an office specified by Section 252.005(1) or (5); and

13 (4) has not filed:

14 (A) a final report under Section 254.065 or  
15 254.125; or

16 (B) a dissolution report under Section 254.126 or  
17 254.159.

18 (b) Before the commission may terminate a campaign  
19 treasurer appointment, the commission must consider the proposed  
20 termination in a regularly scheduled open meeting.

21 (c) Rules adopted under this section must:

22 (1) define "inactive candidate or political  
23 committee" for purposes of terminating the candidate's or  
24 committee's campaign treasurer appointment; and

25 (2) require written notice to the affected candidate  
26 or committee of:

27 (A) the proposed termination of the candidate's

1 or committee's campaign treasurer appointment;

2 (B) the date, time, and place of the meeting at  
3 which the commission will consider the proposed termination; and

4 (C) the effect of termination of the candidate's  
5 or committee's campaign treasurer appointment.

6 (d) The termination of a campaign treasurer appointment  
7 under this section takes effect on the 30th day after the date of  
8 the commission meeting at which the commission votes to terminate  
9 the appointment. Following that meeting, the commission shall  
10 promptly notify the affected candidate or political committee that  
11 the appointment has been terminated. The notice must state the  
12 effective date of the termination.

13 SECTION 2.05. The heading to Section 253.034, Election  
14 Code, is amended to read as follows:

15 Sec. 253.034. RESTRICTIONS ON CONTRIBUTIONS DURING AND  
16 FOLLOWING REGULAR LEGISLATIVE SESSION.

17 SECTION 2.06. Section 253.034(a), Election Code, is amended  
18 to read as follows:

19 (a) During the period beginning on the 30th day before the  
20 date a regular legislative session convenes and continuing through  
21 the 20th day after the date of final adjournment, a person may not  
22 knowingly make a political contribution to:

23 (1) a statewide officeholder;

24 (2) a member of the legislature; or

25 (3) a specific-purpose committee for supporting,  
26 opposing, or assisting a statewide officeholder or member of the  
27 legislature.

1 SECTION 2.07. The heading to Section 253.0341, Election  
2 Code, is amended to read as follows:

3 Sec. 253.0341. RESTRICTIONS ON CONTRIBUTIONS TO  
4 LEGISLATIVE CAUCUSES DURING AND FOLLOWING REGULAR LEGISLATIVE  
5 SESSION.

6 SECTION 2.08. Section 253.0341(a), Election Code, is  
7 amended to read as follows:

8 (a) During the period beginning on the 30th day before the  
9 date a regular legislative session convenes and continuing through  
10 the 20th day after the date of final adjournment, a person not a  
11 member of the caucus may not knowingly make a contribution to a  
12 legislative caucus.

13 SECTION 2.09. Section 253.042(b), Election Code, is  
14 amended to read as follows:

15 (b) A candidate or officeholder who accepts one or more  
16 political contributions in the form of loans, including an  
17 extension of credit or a guarantee of a loan or extension of credit,  
18 from one or more persons related to the candidate or officeholder  
19 within the second degree by affinity or consanguinity may not use  
20 political contributions to repay the loans in amounts that in the  
21 aggregate exceed the amount prescribed by Subsection (a). A  
22 candidate or officeholder may not use political contributions, in  
23 amounts that in the aggregate exceed the amount prescribed by  
24 Subsection (a), to repay any other loan or extension of credit that  
25 the candidate or officeholder guarantees.

26 SECTION 2.10. Section 253.162, Election Code, is amended  
27 by amending Subsections (b) and (c) and adding Subsection (b-1) to

1 read as follows:

2 (b) A judicial candidate or officeholder may not:

3 (1) use political contributions to repay a loan [~~who~~  
4 ~~accepts one or more political contributions in the form of loans~~],  
5 including an extension of credit or a guarantee of a loan or  
6 extension of credit, from one or more persons related to the  
7 candidate or officeholder within the second degree by  
8 consanguinity, as determined under [~~Subchapter B,~~] Chapter 573,  
9 Government Code; or

10 (2) use political contributions, in amounts that in  
11 the aggregate exceed the amount prescribed by Subsection (a), to  
12 repay any other loan or extension of credit that the candidate or  
13 officeholder guarantees[~~, may not use political contributions to~~  
14 ~~repay the loans~~].

15 (b-1) The total amount of both reimbursements under  
16 Subsection (a) and repayments under Subsection (b)(2) made by a  
17 candidate or officeholder may not exceed the amount prescribed by  
18 Subsection (a).

19 (c) A person who is both a candidate and an officeholder may  
20 reimburse the person's personal funds or repay loans from political  
21 contributions only in one capacity.

22 SECTION 2.11. Section 254.031(a), Election Code, is amended  
23 to read as follows:

24 (a) Except as otherwise provided by this chapter, each  
25 report filed under this chapter must include:

26 (1) the amount of political contributions from each  
27 person that in the aggregate exceed \$50 and that are accepted during

1 the reporting period by the person or committee required to file a  
2 report under this chapter, the full name and address of the person  
3 making the contributions, and the dates of the contributions;

4 (2) the amount of loans that are made during the  
5 reporting period for campaign or officeholder purposes to the  
6 person or committee required to file the report and that in the  
7 aggregate exceed \$50, the dates the loans are made, the interest  
8 rate, the maturity date, the type of collateral for the loans, if  
9 any, the full name and address of the person or financial  
10 institution making the loans, the full name and address, principal  
11 occupation, and name of the employer of each guarantor of the loans,  
12 the amount of the loans guaranteed by each guarantor, and the  
13 aggregate principal amount of all outstanding loans as of the last  
14 day of the reporting period;

15 (3) the amount of political expenditures that in the  
16 aggregate exceed \$50 and that are made during the reporting period,  
17 the full name and address of the persons to whom the expenditures  
18 are made, and the dates and purposes of the expenditures;

19 (4) the amount of each payment made during the  
20 reporting period from a political contribution if the payment is  
21 not a political expenditure, the full name and address of the person  
22 to whom the payment is made, and the date and purpose of the  
23 payment;

24 (5) the total amount or a specific listing of the  
25 political contributions of \$50 or less accepted and the total  
26 amount or a specific listing of the political expenditures of \$50 or  
27 less made during the reporting period;

1           (6) the total amount of all political contributions  
2 accepted and the total amount of all political expenditures made  
3 during the reporting period; ~~and~~

4           (7) the name of each candidate or officeholder who  
5 benefits from a direct campaign expenditure made during the  
6 reporting period by the person or committee required to file the  
7 report, and the office sought or held, excluding a direct campaign  
8 expenditure that is made by the principal political committee of a  
9 political party on behalf of a slate of two or more nominees of that  
10 party; and

11           (8) as of the last day of the reporting period, the  
12 total amount of political contributions accepted on or after  
13 September 1, 2003, including interest or other income on those  
14 contributions, maintained in one or more accounts in which  
15 political contributions are deposited as of the last day of the  
16 reporting period.

17           SECTION 2.12. Subchapter B, Chapter 254, Election Code, is  
18 amended by adding Section 254.0312 to read as follows:

19           Sec. 254.0312. BEST EFFORTS. (a) A person required to file  
20 a report under this chapter is considered to be in compliance with  
21 Section 254.0612, 254.0912, or 254.1212 only if the person or the  
22 person's campaign treasurer shows that the person has used best  
23 efforts to obtain, maintain, and report the information required by  
24 those sections. A person is considered to have used best efforts to  
25 obtain, maintain, and report that information if the person or the  
26 person's campaign treasurer complies with this section.

27           (b) Each written solicitation for political contributions



1 from an individual must include:

2 (1) a clear request for the individual's full name and  
3 address, the individual's principal occupation or job title, and  
4 the full name of the individual's employer; and

5 (2) an accurate statement of state law regarding the  
6 collection and reporting of individual contributor information,  
7 such as:

8 (A) "State law requires (certain candidates,  
9 officeholders, or political committees, as applicable) to use best  
10 efforts to collect and report the full name and address, principal  
11 occupation or job title, and full name of employer of individuals  
12 whose contributions exceed \$1,000 in a reporting period."; or

13 (B) "To comply with state law, (certain  
14 candidates, officeholders, or political committees, as applicable)  
15 must use best efforts to obtain, maintain, and report the full name  
16 and address, principal occupation or job title, and full name of  
17 employer of individuals whose contributions exceed \$1,000 in a  
18 reporting period."

19 (c) For each political contribution received from an  
20 individual that, when aggregated with all other political  
21 contributions received from the individual during the reporting  
22 period, exceeds \$1,000 and for which the information required by  
23 Section 254.0612, 254.0912, or 254.1212 is not provided, the person  
24 must make at least one oral or written request for the missing  
25 information. A request under this subsection:

26 (1) must be made not later than the 30th day after the  
27 date the contribution is received;

1           (2) must include a clear and conspicuous statement  
2 that complies with Subsection (b);

3           (3) if made orally, must be documented in writing; and

4           (4) may not be made in conjunction with a solicitation  
5 for an additional political contribution.

6           (d) A person must report any information required by Section  
7 254.0612, 254.0912, or 254.1212 that is not provided by the  
8 individual making the political contribution and that the person  
9 has in the person's records of political contributions or previous  
10 reports under this chapter.

11           (e) A person who receives information required by Section  
12 254.0612, 254.0912, or 254.1212 after the filing deadline for the  
13 report on which the contribution is reported must include the  
14 missing information on the next report the person is required to  
15 file under this chapter.

16           SECTION 2.13. Section 254.035, Election Code, is amended by  
17 adding Subsections (c) and (d) to read as follows:

18           (c) The amount of a political expenditure made by credit  
19 card is readily determinable by the person making the expenditure  
20 on the date the person receives the credit card statement that  
21 includes the expenditure.

22           (d) Subsection (c) does not apply to a political expenditure  
23 made by credit card during the period covered by a report required  
24 to be filed under Section 254.064(b) or (c), 254.124(b) or (c), or  
25 254.154(b) or (c).

26           SECTION 2.14. Section 254.036, Election Code, is amended by  
27 amending Subsections (b) and (c) and adding Subsection (c-1) to

1 read as follows:

2 (b) Except as provided by Subsection (c), [~~(d)~~,] (e), or  
3 (f), [~~or (g)~~,] each report filed under this chapter with the  
4 commission must be filed by computer diskette, modem, or other  
5 means of electronic transfer, using computer software provided by  
6 the commission or computer software that meets commission  
7 specifications for a standard file format.

8 (c) A candidate, officeholder, or political committee that  
9 is required to file reports with the commission may file reports  
10 that comply with Subsection (a) if:

11 (1) the candidate, officeholder, or campaign  
12 treasurer of the committee files with the commission an affidavit  
13 stating that the candidate, officeholder, or committee, an agent of  
14 the candidate, officeholder, or committee, or a person with whom  
15 the candidate, officeholder, or committee contracts does not use  
16 computer equipment to keep the current records of political  
17 contributions, political expenditures, or persons making political  
18 contributions to the candidate, officeholder, or committee; and

19 (2) the candidate, officeholder, or committee does  
20 not, in a calendar year, accept political contributions that in the  
21 aggregate exceed \$50,000 or make political expenditures that in the  
22 aggregate exceed \$50,000.

23 (c-1) An affidavit under Subsection (c) [~~this subsection~~]  
24 must be filed with each report filed under Subsection (a). The  
25 affidavit must include a statement that the candidate,  
26 officeholder, or political committee understands that the  
27 candidate, officeholder, or committee shall file reports as

1 required by Subsection (b) if:

2 (1) the candidate, officeholder, or committee, a  
3 consultant of the candidate, officeholder, or committee, or a  
4 person with whom the candidate, officeholder, or committee  
5 contracts uses computer equipment for a purpose described by this  
6 subsection; or

7 (2) the candidate, officeholder, or committee exceeds  
8 \$50,000 in political contributions or political expenditures in a  
9 calendar year~~[, the candidate, officeholder, or committee is~~  
10 ~~required to file reports under Subsection (b)].~~

11 SECTION 2.15. Section 254.0401(a), Election Code, is  
12 amended to read as follows:

13 (a) The ~~[Except as provided by Subsection (b), the]~~  
14 commission shall make each report filed with the commission under  
15 Section 254.036(b) available to the public on the Internet not  
16 later than the second business day after the date the report is  
17 filed.

18 SECTION 2.16. Section 254.042(b), Election Code, is amended  
19 to read as follows:

20 (b) If a report other than a report under Section  
21 254.064(c), 254.124(c), or 254.154(c) is determined to be late, the  
22 person required to file the report is ~~[civilly]~~ liable to the state  
23 for a civil penalty of \$500 ~~[an amount determined by commission~~  
24 ~~rule, but not to exceed \$100 for each day that the report is late].~~  
25 If a report under Section 254.064(c), 254.124(c), or 254.154(c) or  
26 a report under Section 254.063 or 254.153 that is required to be  
27 filed following the primary or general election is determined to be

1 late, the person required to file the report is liable to the state  
2 for a civil penalty of \$500 for the first day the report is late and  
3 \$100 for each day thereafter that the report is late. If a report is  
4 more than 30 days late, the commission shall issue a warning of  
5 liability by registered mail to the person required to file the  
6 report. If the penalty is not paid before the 10th day after the  
7 date on which the warning is received, the person is liable for a  
8 civil penalty in an amount determined by commission rule, but not to  
9 exceed \$10,000.

10 SECTION 2.17. Subchapter B, Chapter 254, Election Code, is  
11 amended by adding Section 254.043 to read as follows:

12 Sec. 254.043. ACTION TO REQUIRE COMPLIANCE. (a) This  
13 section applies only to:

14 (1) a person required to file reports under this  
15 chapter with the commission; or

16 (2) a person required to file reports under this  
17 chapter with an authority other than the commission in connection  
18 with an office of a political subdivision in a county with a  
19 population of at least 500,000.

20 (b) A resident of the territory served by an office may  
21 bring an action for injunctive or other appropriate relief against  
22 a candidate for or holder of that office or a specific-purpose  
23 committee for supporting or opposing such a candidate or assisting  
24 such an officeholder to require the person to file a report under  
25 this chapter that the person has failed to timely file.

26 (c) An action under this section may be brought against a  
27 person required to file reports under this chapter only if:

1           (1) at least 60 days have passed since the date on  
2 which a report was required to be filed; and

3           (2) the report was not filed during the period  
4 described by Subdivision (1).

5           (d) The court shall award a plaintiff who prevails in an  
6 action under this section reasonable attorney's fees and court  
7 costs.

8           SECTION 2.18. Subchapter C, Chapter 254, Election Code, is  
9 amended by adding Section 254.0612 to read as follows:

10           Sec. 254.0612. ADDITIONAL CONTENTS OF REPORTS BY CANDIDATE  
11 FOR STATEWIDE EXECUTIVE OFFICE OR LEGISLATIVE OFFICE. In addition  
12 to the contents required by Sections 254.031 and 254.061, each  
13 report by a candidate for a statewide office in the executive branch  
14 or a legislative office must include, for each individual from whom  
15 the person filing the report has accepted political contributions  
16 that in the aggregate exceed \$1,000 and that are accepted during the  
17 reporting period, the individual's principal occupation and job  
18 title and the full name of the individual's employer.

19           SECTION 2.19. Subchapter D, Chapter 254, Election Code, is  
20 amended by adding Section 254.0912 to read as follows:

21           Sec. 254.0912. ADDITIONAL CONTENTS OF REPORTS BY STATEWIDE  
22 EXECUTIVE OFFICEHOLDERS AND LEGISLATIVE OFFICEHOLDERS. In  
23 addition to the contents required by Sections 254.031 and 254.091,  
24 each report by a holder of a statewide office in the executive  
25 branch or a legislative office must include the contents prescribed  
26 by Section 254.0612.

27           SECTION 2.20. Subchapter E, Chapter 254, Election Code, is

1 amended by adding Section 254.1212 to read as follows:

2 Sec. 254.1212. ADDITIONAL CONTENTS OF REPORTS OF COMMITTEE  
3 SUPPORTING OR OPPOSING CANDIDATE FOR STATEWIDE EXECUTIVE  
4 OFFICEHOLDERS OR LEGISLATIVE OFFICEHOLDERS OR ASSISTING STATEWIDE  
5 EXECUTIVE OFFICEHOLDERS OR LEGISLATIVE OFFICEHOLDERS. In addition  
6 to the contents required by Sections 254.031 and 254.121, each  
7 report by a specific-purpose committee for supporting or opposing a  
8 candidate for or assisting a holder of a statewide office in the  
9 executive branch or a legislative office must include the contents  
10 prescribed by Section 254.0612.

11 SECTION 2.21. Section 254.151, Election Code, is amended to  
12 read as follows:

13 Sec. 254.151. ADDITIONAL CONTENTS OF REPORTS. In addition  
14 to the contents required by Section 254.031, each report by a  
15 campaign treasurer of a general-purpose committee must include:

16 (1) the committee's full name and address;

17 (2) the full name, residence or business street  
18 address, and telephone number of the committee's campaign  
19 treasurer;

20 (3) the identity and date of the election for which the  
21 report is filed, if applicable;

22 (4) the name of each identified candidate or measure  
23 or classification by party of candidates supported or opposed by  
24 the committee, indicating whether the committee supports or opposes  
25 each listed candidate, measure, or classification by party of  
26 candidates;

27 (5) the name of each identified officeholder or

1 classification by party of officeholders assisted by the committee;

2 (6) the principal occupation of each person from whom  
3 political contributions that in the aggregate exceed \$50 are  
4 accepted during the reporting period;

5 (7) the amount of each political expenditure in the  
6 form of a political contribution made to a candidate, officeholder,  
7 or another political committee that is returned to the committee  
8 during the reporting period, the name of the person to whom the  
9 expenditure was originally made, and the date it is returned; ~~and~~

10 (8) on a separate page or pages of the report, the  
11 identification of any contribution from a corporation or labor  
12 organization made and accepted under Subchapter D, Chapter 253; and

13 (9) on a separate page or pages of the report, the  
14 identification of the name of the donor, the amount, and the date of  
15 any expenditure made by a corporation or labor organization to:

16 (A) establish or administer the political  
17 committee; or

18 (B) finance the solicitation of political  
19 contributions to the committee under Section 253.100.

20 SECTION 2.22. Subchapter F, Chapter 254, Election Code, is  
21 amended by adding Section 254.1581 to read as follows:

22 Sec. 254.1581. REPORTING BY OUT-OF-STATE POLITICAL  
23 COMMITTEE. An out-of-state political committee shall file with the  
24 commission a copy of a report filed with the Federal Election  
25 Commission or the proper filing authority of another state that  
26 shows the political contributions accepted, political expenditures  
27 made, and other expenditures made by the committee.



1 SECTION 2.23. Section 254.204(a), Election Code, is amended  
2 to read as follows:

3 (a) At the end of the six-year period prescribed by Section  
4 254.203, the former officeholder or candidate shall remit any  
5 unexpended political contributions to one or more of the following:

6 (1) the political party with which the person was  
7 affiliated when the person's name last appeared on a ballot;

8 (2) a candidate or political committee;

9 (3) the comptroller [~~of public accounts~~] for deposit  
10 in the state treasury [~~State Treasury~~];

11 (4) one or more persons from whom political  
12 contributions were received, in accordance with Subsection (d);

13 (5) a recognized [~~tax-exempt,~~] charitable  
14 organization formed for educational, religious, or scientific  
15 purposes that is exempt from taxation under Section 501(c)(3),  
16 Internal Revenue Code of 1986, and its subsequent amendments; or

17 (6) a public or private postsecondary educational  
18 institution or an institution of higher education as defined by  
19 Section 61.003(8), Education Code, solely for the purpose of  
20 assisting or creating a scholarship program.

21 SECTION 2.24. Subchapter I, Chapter 254, Election Code, is  
22 amended by adding Section 254.233 to read as follows:

23 Sec. 254.233. SEPARATE ACCOUNTS. All candidates and  
24 officeholders for elected office in Texas shall keep their campaign  
25 and officeholder contributions and expenditures in separate and  
26 segregated accounts from all other accounts. A violation of this  
27 section is a Class B misdemeanor.

1 SECTION 2.25. Section 255.001, Election Code, is amended by  
2 amending Subsection (a) and adding Subsection (a-1) to read as  
3 follows:

4 (a) A person may not knowingly enter into a contract or  
5 other agreement to print, publish, display, or broadcast political  
6 advertising that does not indicate in the advertising:

7 (1) that it is political advertising;

8 (2) the full name of either the individual who  
9 personally entered into the contract or agreement with the printer,  
10 publisher, or broadcaster or the person that individual represents;  
11 and

12 (3) in the case of advertising that is printed or  
13 published, the address of either the individual who personally  
14 entered into the agreement with the printer or publisher or the  
15 person that individual represents.

16 (a-1) A person may not knowingly use, cause or permit to be  
17 used, or continue to use any printed, published, displayed, or  
18 broadcast political advertising that the person knows does not  
19 include the disclosure required by Subsection (a). A person is  
20 presumed to know that the use of political advertising is  
21 prohibited by this subsection if the commission notifies the person  
22 in writing that the use is prohibited. A person who learns that  
23 political advertising signs, as defined by Section 255.007, that  
24 have been distributed do not include the disclosure required by  
25 Subsection (a) or include a disclosure that does not comply with  
26 Subsection (a) does not commit a continuing violation of this  
27 subsection if the person makes a good faith attempt to remove or

1 correct those signs. A person who learns that printed political  
2 advertising other than a political advertising sign that has been  
3 distributed does not include the disclosure required by Subsection  
4 (a) or includes a disclosure that does not comply with Subsection  
5 (a) is not required to attempt to recover the political advertising  
6 and does not commit a continuing violation of this subsection as to  
7 any previously distributed political advertising.

8 SECTION 2.26. The heading to Section 257.005, Election  
9 Code, is amended to read as follows:

10 Sec. 257.005. CANDIDATE FOR STATE OR COUNTY CHAIR [~~STATE~~  
11 ~~CHAIRMAN~~] OF POLITICAL PARTY.

12 SECTION 2.27. Section 257.005(a), Election Code, is amended  
13 to read as follows:

14 (a) Except as provided by this section, the following are  
15 subject to the requirements of this title that apply to a candidate  
16 for public office:

17 (1) a [~~A~~] candidate for state chair of a political  
18 party with a nominee on the ballot in the most recent gubernatorial  
19 general election; and

20 (2) a candidate for election to the office of county  
21 chair of a political party with a nominee on the ballot in the most  
22 recent gubernatorial general election if the county has a  
23 population of 350,000 or more [~~is subject to the requirements of~~  
24 ~~this title that apply to a candidate for public office, except as~~  
25 ~~provided by this section~~].

26 SECTION 2.28. Title 15, Election Code, is amended by adding  
27 Chapter 259 to read as follows:

1       CHAPTER 259. REGULATION BY CERTAIN POLITICAL SUBDIVISIONS

2       Sec. 259.001. APPLICABILITY OF CHAPTER.       This chapter  
3 applies only to an election for an office of:

4           (1) a county with a population of more than one  
5 million; or

6           (2) a junior college district, any part of which is  
7 located in a county described by Subdivision (1).

8       Sec. 259.002. REGULATION BY CERTAIN POLITICAL  
9 SUBDIVISIONS. (a) The commissioners court of a county or the  
10 governing body of a school district or a junior college district may  
11 regulate:

12           (1) political contributions to and expenditures by:

13                   (A) a candidate for or holder of an elected  
14 office in the county or district, as appropriate;

15                   (B) a specific-purpose committee for the purpose  
16 of supporting or opposing a candidate described by Paragraph (A) or  
17 assisting an officeholder described by Paragraph (A); or

18                   (C) a general-purpose committee involved in an  
19 election for an elected office of the county or district, as  
20 appropriate; or

21           (2) political contributions and expenditures related  
22 to an election on a county or district measure, as appropriate.

23           (b) A regulation authorized by Subsection (a) may not be  
24 inconsistent with a provision of this title, except that the  
25 commissioners court or governing body may adopt a regulation that  
26 is more stringent than a provision of this title.

27       Sec. 259.003. ENFORCEMENT. (a) The commissioners court of

1 a county or governing body of a school district or junior college  
2 district may adopt procedures for the enforcement of regulations  
3 adopted under this chapter, including procedures authorizing suit  
4 to be brought in the district court for appropriate injunctive  
5 relief to prevent the violation or threatened violation of a  
6 regulation adopted under this chapter from continuing or occurring.

7 (b) The commissioners court of a county or governing body of  
8 a school district or junior college district may impose a civil  
9 penalty for a violation of a regulation adopted under this chapter.

10 The amount of a civil penalty under this subsection may not exceed  
11 the lesser of:

12 (1) \$2,000; or

13 (2) three times the amount at issue in the violation.

14 (c) A person commits an offense if the person violates a  
15 regulation adopted under this chapter. An offense under this  
16 section is a Class C misdemeanor.

17 SECTION 2.29. Sections 253.100(d), 254.036(d) and (g), and  
18 254.0401(b) and (c), Election Code, are repealed.

19 SECTION 2.30. Sections 253.042(b) and 253.162, Election  
20 Code, as amended by this Act, apply only to repayment of a loan or  
21 extension of credit made on or after September 1, 2003. The  
22 repayment of a loan or extension of credit made before September 1,  
23 2003, is governed by the law in effect on the date the loan or  
24 extension of credit is made, and the former law is continued in  
25 effect for that purpose.

26 SECTION 2.31. (a) Sections 254.031 and 254.036, Election  
27 Code, as amended by this Act, and Sections 254.0612, 254.0912, and

1 254.1212, Election Code, as added by this Act, apply only to a  
2 report required to be filed under Chapter 254, Election Code, on or  
3 after September 1, 2003. A report required to be filed under  
4 Chapter 254, Election Code, before September 1, 2003, is governed  
5 by the law in effect on the date the report was required to be filed,  
6 and the former law is continued in effect for that purpose.

7 (b) Section 254.042(b), Election Code, as amended by this  
8 Act, applies only to a civil penalty imposed for a late report under  
9 Chapter 254, Election Code, that is required to be filed on or after  
10 September 1, 2003. A civil penalty imposed for a late report under  
11 Chapter 254, Election Code, that is required to be filed before  
12 September 1, 2003, is governed by the law in effect on the date the  
13 report was required to be filed, and the former law is continued in  
14 effect for that purpose.

15 (c) Section 254.151, Election Code, as amended by this Act,  
16 applies to the reporting of an expenditure made on or after  
17 September 1, 2003. The reporting of an expenditure made before  
18 September 1, 2003, is governed by the law in effect at the time the  
19 expenditure was made.

20 (d) Section 255.001(a), Election Code, as amended by this  
21 Act, applies only to a contract to display political advertising  
22 that is entered into on or after September 1, 2003. A contract to  
23 display political advertising that is entered into before September  
24 1, 2003, is governed by the law in effect on the date the contract is  
25 entered into, and the former law is continued in effect for that  
26 purpose.

27 (e) Section 255.001(a-1), Election Code, as added by this

1 Act, applies only to the use of political advertising on or after  
2 September 1, 2003.

3 ARTICLE 3. SPEAKER'S RACE

4 SECTION 3.01. Subchapter B, Chapter 302, Government Code,  
5 is amended by adding Section 302.0121 to read as follows:

6 Sec. 302.0121. DECLARATION OF SPEAKER CANDIDACY. (a) Each  
7 speaker candidate shall file a declaration of candidacy with the  
8 Texas Ethics Commission as provided by this section.

9 (b) A declaration of speaker candidacy must:

10 (1) be in writing;

11 (2) identify the legislative session as to which the  
12 candidacy relates; and

13 (3) include:

14 (A) the speaker candidate's name;

15 (B) the speaker candidate's residence or  
16 business street address; and

17 (C) the speaker candidate's telephone number.

18 (c) Except as provided by Subsection (e), a speaker  
19 candidate may not knowingly accept a contribution, loan, or promise  
20 of a contribution or loan in connection with the speaker candidacy  
21 or make or authorize a campaign expenditure at a time when a  
22 declaration of candidacy for the candidate is not in effect.

23 (d) A declaration of speaker candidacy terminates on the  
24 earlier of:

25 (1) the date the speaker candidate files a written  
26 statement with the Texas Ethics Commission stating that the  
27 candidate has terminated the candidacy; or

1           (2) the date a speaker is elected for the legislative  
2 session as to which the speaker candidate filed the statement.

3           (e) A former speaker candidate whose declaration of speaker  
4 candidacy is terminated under Subsection (d) may make a campaign  
5 expenditure in connection with a debt incurred during the period  
6 the former speaker candidate's declaration of candidacy was in  
7 effect.

8           SECTION 3.02. Section 302.013, Government Code, is amended  
9 by amending Subsections (b) and (d) and adding Subsection (e) to  
10 read as follows:

11           (b) Each speaker candidate shall file the statement on:

12                 (1) the first filing date after the date on which the  
13 speaker candidate files the declaration of candidacy required by  
14 Section 302.0121 [~~announcement or initiation of the candidacy~~];

15                 (2) each filing date during the candidacy; and

16                 (3) each filing date until all campaign loans have  
17 been repaid.

18           (d) Each speaker candidate shall file the statement by  
19 computer diskette, modem, or other means of electronic transfer,  
20 using computer software provided [~~on an official form designed~~] by  
21 the Texas Ethics Commission or computer software that meets  
22 commission specifications for a standard file format.

23           (e) The Texas Ethics Commission shall implement an  
24 electronic filing system under Subsection (d) not later than  
25 September 1, 2004. The commission by rule shall identify the date  
26 on which the requirement that a statement must be made as required  
27 by Subsection (d) takes effect and the first reporting period under



1 Subsection (c) for which a statement must be made as required by  
2 Subsection (d). This subsection expires January 1, 2005.

3 SECTION 3.03. Section 302.015(b), Government Code, is  
4 amended to read as follows:

5 (b) A statement required to be filed on the day before a  
6 regular or called session convenes must actually be delivered and  
7 in the possession of the Texas Ethics Commission not later than 5  
8 [4] p.m. of that day.

9 SECTION 3.04. Subchapter B, Chapter 302, Government Code,  
10 is amended by adding Sections 302.0191 and 302.0201 to read as  
11 follows:

12 Sec. 302.0191. CONTRIBUTIONS AND EXPENDITURES FROM  
13 POLITICAL CONTRIBUTIONS. A person, including a speaker candidate,  
14 may not make a contribution to a speaker candidate's campaign or an  
15 expenditure to aid or defeat a speaker candidate from:

16 (1) political contributions accepted under Title 15,  
17 Election Code;

18 (2) interest earned on political contributions  
19 accepted under Title 15, Election Code; or

20 (3) an asset purchased with political contributions  
21 accepted under Title 15, Election Code.

22 Sec. 302.0201. DISPOSITION OF UNEXPENDED FUNDS; REPORT.

23 (a) A former speaker candidate may:

24 (1) use unexpended campaign funds to retire debt  
25 incurred in connection with the speaker candidacy; or

26 (2) remit unexpended campaign funds to one or more of  
27 the following:

1           (A) one or more persons from whom campaign funds  
2 were received, in accordance with Subsection (c); or

3           (B) a recognized charitable organization formed  
4 for educational, religious, or scientific purposes that is exempt  
5 from taxation under Section 501(c)(3), Internal Revenue Code of  
6 1986, and its subsequent amendments.

7           (b) A former speaker candidate may not retain contributions  
8 covered by this subchapter, assets purchased with the  
9 contributions, or interest and other income earned on the  
10 contributions for more than six years after the date the person  
11 ceases to be a speaker candidate or hold the office of speaker.

12           (c) The amount of campaign funds disposed of under  
13 Subsection (a)(2)(A) to one person may not exceed the aggregate  
14 amount accepted from that person in connection with the former  
15 speaker candidate's most recent campaign for election to the office  
16 of speaker.

17           (d) Not later than January 15 of each year, a former speaker  
18 candidate who retains unexpended campaign funds shall file a sworn  
19 report with the Texas Ethics Commission that includes:

20                 (1) the full name and address of each person to whom a  
21 payment from unexpended campaign funds is made;

22                 (2) the date and amount of each payment reported under  
23 Subdivision (1); and

24                 (3) the information required by Section 302.014 as to  
25 any contribution, loan, or expenditure not previously reported on a  
26 statement filed under Section 302.013.

27           (e) A report filed under this section covers, as applicable:

1           (1) the period:

2                   (A) beginning on the date after the last day of  
3 the period covered by the most recent statement filed by the former  
4 speaker candidate under Section 302.013; and

5                   (B) ending on December 31 of the preceding year;  
6 or

7           (2) the preceding calendar year.

8           (f) A former speaker candidate shall file the report on an  
9 official form designed by the Texas Ethics Commission. Sections  
10 302.015 and 302.016 apply to a report filed under this section.

11           (g) For purposes of this section, a speaker candidate  
12 elected as speaker of the house of representatives is considered to  
13 be a former speaker candidate.

14           SECTION 3.05. Section 302.021, Government Code, is amended  
15 by amending Subsections (a) and (f) and adding Subsection (e-1) to  
16 read as follows:

17           (a) A speaker candidate or former speaker candidate commits  
18 an offense if the person [~~speaker candidate~~]:

19                   (1) knowingly fails to file the declaration of  
20 candidacy required by Section 302.0121;

21                   (2) knowingly [~~wilfully~~] fails to file the statement  
22 required by Section 302.013;

23                   (3) knowingly accepts a contribution, loan, or promise  
24 of a contribution or loan in violation of Section 302.0121(c);

25                   (4) [~~(2)~~] knowingly       accepts       [~~receives~~]       a  
26 contribution, loan, or promise of a contribution or loan prohibited  
27 by Section 302.017 from a corporation, partnership, association,

1 firm, union, foundation, committee, club, or other organization or  
2 group of persons; ~~[or]~~

3 (5) knowingly accepts a contribution from a person who  
4 uses political contributions, interest earned on political  
5 contributions, or an asset purchased with political contributions  
6 to make the contribution in violation of Section 302.0191;

7 (6) ~~[-3-]~~ expends campaign funds for any purpose other  
8 than those enumerated in Section 302.020;

9 (7) knowingly retains contributions, assets purchased  
10 with contributions, or interest or other income earned on  
11 contributions in violation of Section 302.0201(b); or

12 (8) knowingly fails to file the report of unexpended  
13 campaign funds as required by Section 302.0201(d).

14 (e-1) A person commits an offense if the person knowingly  
15 makes a contribution to a speaker candidate's campaign or an  
16 expenditure to aid or defeat a speaker candidate from political  
17 contributions, interest earned on political contributions, or an  
18 asset purchased with political contributions in violation of  
19 Section 302.0191.

20 (f) An offense under this section is a Class A misdemeanor  
21 ~~[punishable by a fine of not less than \$500 nor more than \$5,000, by~~  
22 ~~imprisonment for not more than one year, or by both].~~

23 SECTION 3.06. (a) Section 302.021, Government Code, as  
24 amended by this Act, applies only to an offense committed on or  
25 after September 1, 2003. For the purposes of this section, an  
26 offense is committed before September 1, 2003, if any element of the  
27 offense occurs before that date.

1 (b) An offense committed before September 1, 2003, is  
2 covered by the law in effect when the offense was committed, and the  
3 former law is continued in effect for that purpose.

4 ARTICLE 4. LOBBYING

5 SECTION 4.01. The heading to Subchapter A, Chapter 305,  
6 Government Code, is amended to read as follows:

7 SUBCHAPTER A. GENERAL PROVISIONS; REGISTRATION

8 SECTION 4.02. Section 305.002, Government Code, is amended  
9 by adding Subdivisions (12) and (13) to read as follows:

10 (12) "Client" means a person or entity for which the  
11 registrant is registered or is required to be registered.

12 (13) "Person associated with the registrant" means a  
13 partner or other person professionally associated with the  
14 registrant through a common business entity, other than a client,  
15 that reimburses, retains, or employs the registrant.

16 SECTION 4.03. Section 305.003, Government Code, is amended  
17 by amending Subsection (b) and adding Subsections (b-1) and (b-2)  
18 to read as follows:

19 (b) Subsection (a)(2) requires a person to register if the  
20 person, as part of his regular employment, has communicated  
21 directly with a member of the legislative or executive branch to  
22 influence legislation or administrative action on behalf of the  
23 person by whom he is compensated or reimbursed, whether or not the  
24 person receives any compensation for the communication in addition  
25 to the salary for that regular employment.

26 (b-1) [~~However,~~] Subsection (a)(2) does not require a  
27 member of the judicial, legislative, or executive branch of state

1 government or an officer or employee of a political subdivision of  
2 the state to register. This subsection does not apply to an officer  
3 or employee of a quasi-governmental agency. For purposes of this  
4 subsection, "quasi-governmental agency" means a governmental  
5 agency, other than an institution of higher education as defined by  
6 Section 61.003, Education Code, that has as one of its primary  
7 purposes engaging in an activity that is normally engaged in by a  
8 nongovernmental agency, including:

9           (1) acting as a trade association; or

10           (2) competing in the public utility business with  
11 private entities.

12           (b-2) Subsection (a)(2) does not require an officer or an  
13 employee of a state agency that provides utility services under  
14 Section 35.102, Utilities Code, and Sections 31.401 and 52.133,  
15 Natural Resources Code, to register.

16           SECTION 4.04. Section 305.005, Government Code, is amended  
17 by amending Subsections (a) and (k) and adding Subsection (f-1) to  
18 read as follows:

19           (a) Each person required to register under this chapter  
20 shall file a written registration [~~form~~] with the commission [~~on a~~  
21 ~~form prescribed by the commission~~] and shall submit a registration  
22 fee.

23           (f-1) The registration must also contain an affirmative or  
24 negative response as to whether the registrant works for, is  
25 employed by, is of counsel to, works as an independent contractor  
26 to, or otherwise receives compensation from, for the purpose of  
27 communicating directly with a member of the legislative or

1 executive branch, an employer or other entity that employs or  
2 retains as an independent contractor a member or member-elect of  
3 the legislature, that has a member or member-elect who is  
4 designated of counsel, or from which a member or member-elect  
5 otherwise receives compensation. If the response is affirmative,  
6 the registration must contain the name of the employer or other  
7 entity with which the registrant has this relationship and the name  
8 of the member or member-elect.

9 (k) If there is a change in the information required to be  
10 reported by a registrant under this section, other than Subsection  
11 (f-1), (h), or (i), and that changed information is not timely  
12 reported on a report due under Section 305.007, the registrant  
13 shall file an amended statement reflecting the change with the  
14 commission not later than the date on which the next report is due  
15 under Section 305.007. If there is a change in the information  
16 required to be reported by a registrant under Subsection (f-1), the  
17 registrant shall file an amended statement reflecting the change  
18 with the commission not later than the fifth business day after the  
19 date on which the relationship that requires disclosure under  
20 Subsection (f-1) begins.

21 SECTION 4.05. Section 305.006(a), Government Code, is  
22 amended to read as follows:

23 (a) Each registrant shall file with the commission a  
24 written, verified report [~~on a form prescribed by the commission~~]  
25 concerning the activities described by this section.

26 SECTION 4.06. Subchapter A, Chapter 305, Government Code,  
27 is amended by adding Section 305.0064 to read as follows:

1       Sec. 305.0064. ELECTRONIC FILING OF REGISTRATIONS AND  
2 ACTIVITY REPORTS. (a) Except as provided by Subsection (b), each  
3 registration filed under Section 305.005 and each report filed  
4 under Section 305.006 must be filed by computer diskette, modem, or  
5 other means of electronic transfer, using computer software  
6 provided by the commission or computer software that meets  
7 commission specifications for a standard file format.

8       (b) The commission shall adopt rules under which a  
9 registrant may file paper registrations or reports on forms  
10 prescribed by the commission. The rules must be designed to ensure  
11 that:

12             (1) use of the electronic filing system under  
13 Subsection (a) is maximized; and

14             (2) registrants may file paper registrations or  
15 reports for good cause only.

16       (c) The commission shall implement an electronic filing  
17 system under Subsection (a) not later than December 1, 2004. The  
18 commission by rule shall identify the date on which the requirement  
19 that a registration must be made as required by Subsection (a) takes  
20 effect and the first reporting period under Section 305.007 for  
21 which a report must be made as required by Subsection (a). This  
22 subsection expires January 1, 2005.

23       (d) A registration fee under Section 305.005(c)(1) or (2)  
24 for the calendar years 2004 and 2005 is increased by an amount  
25 determined by the commission as sufficient to generate additional  
26 revenue necessary to develop and implement an electronic filing  
27 system under Subsection (a). Additional revenue generated by a fee



1 increase under this subsection may be used only to develop and  
2 implement the electronic filing system. The commission may impose  
3 a different increase for each fee under Section 305.005(c). This  
4 subsection expires January 1, 2006.

5 SECTION 4.07. Subchapter A, Chapter 305, Government Code,  
6 is amended by adding Sections 305.012 and 305.013 to read as  
7 follows:

8 Sec. 305.012. CONTINUING EDUCATION. (a) The commission by  
9 rule shall establish a continuing education program for  
10 registrants. The program must address issues involving lobbying,  
11 ethics, political contributions and expenditures, and other issues  
12 as determined by the commission.

13 (b) Rules adopted under this section:

14 (1) must prescribe the minimum number of hours of  
15 continuing education a registrant must complete during a calendar  
16 year, which may not be less than four hours;

17 (2) must provide for the commission to approve for  
18 credit any continuing education activity provided under the  
19 program;

20 (3) may permit a registrant who completes more than  
21 the minimum number of hours of continuing education in a calendar  
22 year to carry forward to the next year the excess hours of  
23 continuing education; and

24 (4) must require a registrant to report the  
25 registrant's compliance with the continuing education requirements  
26 as part of the registration renewal process under Section 305.005.

27 (c) A person registered under this chapter for a period of

1 at least four months in a calendar year must comply with the minimum  
2 continuing education requirements. A registrant who does not  
3 comply with the minimum continuing education requirements is not  
4 eligible to renew the person's registration.

5 (d) The commission shall adopt a procedure to assess a  
6 registrant's participation in the continuing education program.

7 Sec. 305.013. POSTING ON INTERNET OF EMPLOYERS OF LOBBYISTS  
8 AND LEGISLATORS. (a) The commission shall post on the commission's  
9 Internet website a list of business entities with which a  
10 registrant and a member or member-elect of the legislature are  
11 associated, identifying for each entity:

- 12 (1) each registrant associated with the entity;  
13 (2) the full name and address of each person  
14 identified by the registrant under Section 305.005(f)(3); and  
15 (3) the member or member-elect of the legislature  
16 associated with the entity.

17 (b) For purposes of this section, a registrant or a member  
18 or member-elect of the legislature is associated with a business  
19 entity if the person:

- 20 (1) is an employee of the entity;  
21 (2) is designated "of counsel" by the entity;  
22 (3) works as an independent contractor for the entity;  
23 or  
24 (4) otherwise receives compensation from the entity.

25 SECTION 4.08. Sections 305.028(b), (c), and (f)-(h),  
26 Government Code, are amended to read as follows:

27 (b) Except as permitted by Subsection (c), a registrant may

1 not represent a client [~~person~~] in communicating directly with a  
2 member of the legislative or executive branch to influence a  
3 legislative subject matter [~~legislation~~] or an administrative  
4 action if the representation of that client [~~person~~]:

5 (1) involves a substantially related matter in which  
6 that client's [~~person's~~] interests are materially and directly  
7 adverse to the interests of:

8 (A) another client of the registrant;

9 (B) an employer or concern employing the  
10 registrant; or

11 (C) another client of a [~~partner or other~~] person  
12 associated with the registrant; or

13 (2) reasonably appears to be [~~or potentially be~~]  
14 adversely limited by:

15 (A) the registrant's, the employer's or  
16 concern's, or the [~~partner's or~~] other associated person's  
17 responsibilities to another client [~~or to a third person~~]; or

18 (B) the registrant's, employer's or concern's own  
19 interests, or [~~partner's or~~] other associated person's own business  
20 interests.

21 (c) A registrant may represent a client in the circumstances  
22 described in Subsection [~~(a) or~~] (b) if:

23 (1) the registrant reasonably believes the  
24 representation of each client will not be materially affected;

25 (2) not later than the second business day after the  
26 date the registrant becomes aware of a [~~an actual or potential~~]  
27 conflict described by Subsection [~~(a) or~~] (b), the registrant

1 provides written notice, in the manner required by the commission,  
2 to each affected [~~or potentially affected~~] client; and

3 (3) not later than the 10th day after the date the  
4 registrant becomes aware of a [~~an actual or potential~~] conflict  
5 described by Subsection [~~(a) or~~] (b), the registrant files with the  
6 commission a statement that:

7 (A) indicates [~~indicating~~] that there is a [~~an~~  
8 ~~actual or potential~~] conflict;

9 (B) states [~~and~~] that the registrant has notified  
10 each affected [~~or potentially affected~~] client as required by  
11 Subdivision (2); and

12 (C) states the name and address of each affected  
13 client.

14 (f) In each report filed with the commission, a registrant  
15 shall, under oath, affirm that the registrant has, to the best of  
16 the registrant's knowledge, complied with this section.

17 (g) The commission may receive complaints regarding a  
18 violation of this section. If the commission determines a  
19 violation of this section has occurred, the commission, after  
20 notice and hearing:

21 (1) shall [~~may~~] impose a civil [~~any~~] penalty in an  
22 amount not to exceed \$2,000 [~~that the commission may impose under~~  
23 ~~another state law~~]; and

24 (2) may rescind the person's registration and may  
25 prohibit the person from registering with the commission for a  
26 period not to exceed two years from the date of the rescission of  
27 the person's registration.

1 (h) A penalty under this section is in addition to any other  
2 enforcement, criminal, or civil action that the commission or  
3 another person may take under this chapter or other law.

4 SECTION 4.09. Section 305.031(a), Government Code, is  
5 amended to read as follows:

6 (a) A person commits an offense if the person intentionally  
7 or knowingly violates a provision of this chapter other than  
8 Section 305.0011, 305.012, 305.022, or 305.028. An offense under  
9 this subsection is a Class A misdemeanor.

10 SECTION 4.10. Section 305.033(b), Government Code, is  
11 amended to read as follows:

12 (b) If a registration or report is determined to be late,  
13 the person responsible for the filing is liable to the state for  
14 payment of a civil penalty of \$500 [~~in an amount determined by~~  
15 ~~commission rule, but not to exceed \$100 for each day that the~~  
16 ~~registration or report is late~~].

17 SECTION 4.11. Sections 305.028(a) and 305.031(c),  
18 Government Code, are repealed.

19 SECTION 4.12. (a) Not later than November 1, 2003, the  
20 Texas Ethics Commission shall adopt rules establishing a continuing  
21 education program for lobbyists as required by Section 305.012,  
22 Government Code, as added by this Act. The program applies  
23 beginning January 1, 2004.

24 (b) Sections 305.028 and 305.031, Government Code, as  
25 amended by this Act, apply only to an offense committed on or after  
26 September 1, 2003. For the purposes of this section, an offense is  
27 committed before September 1, 2003, if any element of the offense

1 occurs before that date. An offense committed before September 1,  
2 2003, is covered by the law in effect when the offense was  
3 committed, and the former law is continued in effect for that  
4 purpose.

5 (c) Section 305.033(b), Government Code, as amended by this  
6 Act, applies only to a civil penalty imposed for a late registration  
7 or report under Chapter 305, Government Code, that is required to be  
8 filed on or after September 1, 2003. A civil penalty imposed for a  
9 late registration or report under Chapter 305, Government Code,  
10 that is required to be filed before September 1, 2003, is governed  
11 by the law in effect on the date the report was required to be filed,  
12 and the former law is continued in effect for that purpose.

13 ARTICLE 5. PERSONAL FINANCIAL DISCLOSURE BY AND STANDARDS OF  
14 CONDUCT FOR STATE OFFICERS AND EMPLOYEES

15 SECTION 5.01. Section 572.021, Government Code, is amended  
16 to read as follows:

17 Sec. 572.021. FINANCIAL STATEMENT REQUIRED. A state  
18 officer, a partisan or independent candidate for an office as an  
19 elected officer, and a party chairman shall file with the  
20 commission a verified financial statement complying with Sections  
21 572.022 through 572.0253 [~~572.025~~].

22 SECTION 5.02. Section 572.022(c), Government Code, is  
23 amended to read as follows:

24 (c) The individual filing the statement shall report a  
25 description of real property by reporting:

26 (1) the street address, if available, or the number of  
27 lots or number of acres, as applicable, in each county, and the name

1 of the county, if the street address is not available; and

2 (2) the names of all persons retaining an interest in  
3 the property, excluding an interest that is a severed mineral  
4 interest.

5 SECTION 5.03. Section 572.023, Government Code, is amended  
6 by amending Subsection (b) and adding Subsections (c) and (d) to  
7 read as follows:

8 (b) The account of financial activity consists of:

9 (1) a list of all sources of occupational income,  
10 identified by employer, or if self-employed, by the nature of the  
11 occupation, including identification of a person or other  
12 organization from which the individual or a business in which the  
13 individual has a substantial interest received a fee as a retainer  
14 for a claim on future services in case of need, as distinguished  
15 from a fee for services on a matter specified at the time of  
16 contracting for or receiving the fee, if professional or  
17 occupational services are not actually performed during the  
18 reporting period equal to or in excess of the amount of the  
19 retainer, and the category of the amount of the fee;

20 (2) identification by name and the category of the  
21 number of shares of stock of any business entity held or acquired,  
22 and if sold, the category of the amount of net gain or loss realized  
23 from the sale;

24 (3) a list of all bonds, notes, and other commercial  
25 paper held or acquired, and if sold, the category of the amount of  
26 net gain or loss realized from the sale;

27 (4) identification of each source and the category of

1 the amount of income in excess of \$500 derived from each source from  
2 interest, dividends, royalties, and rents;

3 (5) identification of each guarantor of a loan and  
4 identification of each person or financial institution to whom a  
5 personal note or notes or lease agreement for a total financial  
6 liability in excess of \$1,000 existed at any time during the year  
7 and the category of the amount of the liability;

8 (6) identification by description of all beneficial  
9 interests in real property and business entities held or acquired,  
10 and if sold, the category of the amount of the net gain or loss  
11 realized from the sale;

12 (7) identification of a person or other organization  
13 from which the individual or the individual's spouse or dependent  
14 children received a gift of anything of value in excess of \$250 and  
15 a description of each gift, except:

16 (A) a gift received from an individual related to  
17 the individual at any time within the second degree by  
18 consanguinity or affinity, as determined under Subchapter B [~~A~~],  
19 Chapter 573;

20 (B) a political contribution that was reported as  
21 required by Chapter 254, Election Code [~~law~~]; and

22 (C) an expenditure required to be reported by a  
23 person required to be registered under Chapter 305;

24 (8) identification of the source and the category of  
25 the amount of all income received as beneficiary of a trust, other  
26 than a blind trust that complies with Subsection (c), and  
27 identification of each trust asset, if known to the beneficiary,



1 from which income was received by the beneficiary in excess of \$500;

2 (9) identification by description and the category of  
3 the amount of all assets and liabilities of a corporation, firm,  
4 ~~[or]~~ partnership, limited partnership, limited liability  
5 partnership, professional corporation, professional association,  
6 joint venture, or other business association in which 50 percent or  
7 more of the outstanding ownership was held, acquired, or sold;

8 (10) a list of all boards of directors of which the  
9 individual is a member and executive positions that the individual  
10 holds in corporations, firms, partnerships, limited partnerships,  
11 limited liability partnerships, professional corporations,  
12 professional associations, joint ventures, or other business  
13 associations or proprietorships, stating the name of each  
14 corporation, firm, partnership, limited partnership, limited  
15 liability partnership, professional corporation, professional  
16 association, joint venture, or other business association or  
17 proprietorship and the position held;

18 (11) identification of any person providing  
19 transportation, meals, or lodging expenses permitted under Section  
20 36.07(b), Penal Code, and the amount of those expenses, other than  
21 expenditures required to be reported under Chapter 305; ~~and~~

22 (12) any corporation, firm, partnership, limited  
23 partnership, limited liability partnership, professional  
24 corporation, professional association, joint venture, or other  
25 business association, excluding a publicly held corporation, in  
26 which both the individual ~~[state officer]~~ and a person registered  
27 under Chapter 305 have an interest;

1           (13) identification by name and the category of the  
2 number of shares of any mutual fund held or acquired, and if sold,  
3 the category of the amount of net gain or loss realized from the  
4 sale; and

5           (14) identification of each blind trust that complies  
6 with Subsection (c), including:

7                   (A) the category of the fair market value of the  
8 trust;

9                   (B) an identification of each asset placed in the  
10 trust;

11                   (C) the date the trust was created;

12                   (D) the name and address of the trustee; and

13                   (E) a statement signed by the trustee, under  
14 penalty of perjury, stating that:

15                           (i) the trustee has not revealed any  
16 information to the individual, except information that may be  
17 disclosed under Subdivision (8); and

18                           (ii) to the best of the trustee's knowledge,  
19 the trust complies with this section.

20           (c) For purposes of Subsections (b)(8) and (14), a blind  
21 trust is a trust as to which:

22                   (1) the trustee:

23                           (A) is a disinterested party;

24                           (B) is not the individual or a person related to  
25 the individual within the first degree by consanguinity or  
26 affinity, as determined under Subchapter B, Chapter 573;

27                           (C) is not a public officer or public employee;

1 and

2 (D) was not appointed to public office by the  
3 individual or by a public officer or public employee the individual  
4 supervises;

5 (2) the trustee has complete discretion to manage the  
6 trust, including the power to dispose of and acquire trust assets  
7 without consulting or notifying the individual; and

8 (3) the trustee is required to notify the individual  
9 of the date of disposition and value at disposition of any original  
10 investments or interests in real property so that information can  
11 be reported on the individual's financial statement.

12 (d) If a blind trust under Subsection (c) is revoked while  
13 the individual is subject to this subchapter, or if the individual  
14 learns of any replacement assets of the trust, the individual must  
15 file an amendment to the individual's most recent financial  
16 statement, disclosing the date of revocation and the previously  
17 unreported value by category of each asset and the income derived  
18 from each asset. For purposes of this section, any replacement  
19 asset of which the individual learns is treated after the date the  
20 individual learns of the replacement as though it were an original  
21 asset of the trust.

22 SECTION 5.04. Subchapter B, Chapter 572, Government Code,  
23 is amended by adding Sections 572.0251, 572.0252, and 572.0253 to  
24 read as follows:

25 Sec. 572.0251. INFORMATION ABOUT LEGISLATIVE CONTINUANCES.  
26 A member or member-elect of the legislature licensed to practice  
27 law in this state who represents a party to a civil or criminal case

1 for compensation and on that party's behalf applies for or obtains a  
2 legislative continuance under Section 30.003, Civil Practice and  
3 Remedies Code, or under another law or rule that requires or permits  
4 a court to grant a continuance on the grounds that an attorney for a  
5 party is a member or member-elect of the legislature shall report on  
6 the financial statement:

7 (1) the name of the party represented;

8 (2) the date on which the member or member-elect was  
9 retained to represent the party;

10 (3) the style and cause number of the action in which  
11 the continuance was sought and the court and jurisdiction in which  
12 the action was pending when the continuance was sought;

13 (4) the date on which the member or member-elect  
14 applied for a continuance; and

15 (5) whether the continuance was granted.

16 Sec. 572.0252. INFORMATION ABOUT CONTRACTS WITH  
17 GOVERNMENTAL ENTITIES. (a) A member of or candidate for the  
18 legislature shall report on the financial statement:

19 (1) each contract between the member or candidate and  
20 a governmental entity under which the member or candidate receives  
21 compensation; and

22 (2) each class of measures or bills it is reasonably  
23 foreseeable will have an effect on the contract.

24 (b) A member of or candidate for the legislature who has  
25 more than one contract with a governmental entity may report the  
26 contracts as a class for each governmental entity with whom the  
27 member or candidate has a contract.

1       (c) A member of the legislature who enters into a contract  
2 with a governmental entity after January 1 of an odd-numbered year  
3 and before May 31 of an odd-numbered year shall file an amended  
4 financial statement that includes the information required by  
5 Subsection (a) in regard to the contract. The amended statement  
6 must be filed not later than the seventh business day after the date  
7 the member enters into the contract.

8       Sec. 572.0253. INFORMATION ABOUT REFERRALS. A state  
9 officer who is an attorney shall report:

10           (1) making or receiving any referral for compensation  
11 for legal services; and

12           (2) the amount of any fee accepted for making a  
13 referral for legal services.

14       SECTION 5.05. Section 572.033(b), Government Code, is  
15 amended to read as follows:

16       (b) If a statement is determined to be late, the individual  
17 responsible for filing the statement is [~~civilly~~] liable to the  
18 state for a civil penalty of \$500 [~~an amount determined by~~  
19 ~~commission rule, but not to exceed \$100 for each day that the~~  
20 ~~statement is late~~]. If a statement is more than 30 days late, the  
21 commission shall issue a warning of liability by registered mail to  
22 the individual responsible for the filing. If the penalty is not  
23 paid before the 10th day after the date on which the warning is  
24 received, the individual is liable for a civil penalty in an amount  
25 determined by commission rule, but not to exceed \$10,000.

26       SECTION 5.06. Section 572.051, Government Code, is amended  
27 to read as follows:

1           Sec. 572.051. STANDARDS OF CONDUCT. (a) A state officer or  
2 employee may [~~should~~] not:

3           (1) accept or solicit any gift, favor, or service that  
4 might reasonably tend to influence the officer or employee in the  
5 discharge of official duties or that the officer or employee knows  
6 or should know is being offered with the intent to influence the  
7 officer's or employee's official conduct;

8           (2) accept other employment or engage in a business or  
9 professional activity that the officer or employee might reasonably  
10 expect would require or induce the officer or employee to disclose  
11 confidential information acquired by reason of the official  
12 position;

13           (3) accept other employment or compensation that could  
14 reasonably be expected to impair the officer's or employee's  
15 independence of judgment in the performance of the officer's or  
16 employee's official duties;

17           (4) make personal investments that could reasonably be  
18 expected to create a substantial conflict between the officer's or  
19 employee's private interest and the public interest; [~~or~~]

20           (5) intentionally or knowingly solicit, accept, or  
21 agree to accept any benefit for having exercised the officer's or  
22 employee's official powers or performed the officer's or employee's  
23 official duties in favor of another; or

24           (6) intentionally or knowingly solicit, accept, or  
25 agree to accept any economic benefit, compensation, or contract  
26 from a governmental or other entity that the officer or employee  
27 knows or should know would not be offered or paid to or made with the

1 officer or employee but for the officer's or employee's position as  
2 a state officer or employee.

3 (b) This section does not apply to the solicitation,  
4 acceptance, or agreement to accept a benefit described by Section  
5 36.10, Penal Code.

6 (c) A member of the legislature who violates this section is  
7 subject to discipline by the house to which the member belongs, as  
8 provided by Section 11, Article III, Texas Constitution. Any other  
9 state officer who violates this section is subject to removal from  
10 office for official misconduct as provided by law. A state employee  
11 who violates this section is subject to termination of employment.

12 (d) Discipline, removal, or termination under Subsection  
13 (c) is in addition to any civil or criminal penalty that applies to  
14 the person's conduct.

15 SECTION 5.07. Section 572.052(a), Government Code, is  
16 amended to read as follows:

17 (a) A member of the legislature may not, for compensation,  
18 represent another person before a state agency in the executive  
19 branch of state government unless the representation is pursuant to  
20 an attorney-client relationship in a criminal law matter[+]

21 [~~(1) the representation:~~

22 [~~(A) is made in a proceeding that is adversary in~~  
23 ~~nature or in another public hearing that is a matter of record, or~~

24 [~~(B) involves the filing of documents, contacts~~  
25 ~~with the agency, or other relations, that involve only ministerial~~  
26 ~~acts on the part of the commission, agency, board, department, or~~  
27 ~~officer, and~~

1           ~~[(2) the member discloses to the agency that the~~  
2 ~~member is being compensated for the representation].~~

3           SECTION 5.08. Subchapter C, Chapter 572, Government Code,  
4 is amended by adding Section 572.0531 to read as follows:

5           Sec. 572.0531. NOTICE REQUIRED FOR INTRODUCTION OR  
6 SPONSORSHIP OF OR VOTING ON CERTAIN MEASURES OR BILLS BY  
7 LEGISLATORS. (a) A member shall file a notice as required by  
8 Subsection (b) before introducing, sponsoring, or voting on a  
9 measure or bill if the member's spouse or a person related to the  
10 member within the first degree by consanguinity, as determined  
11 under Subchapter B, Chapter 573, is registered as a lobbyist under  
12 Chapter 305 with respect to the subject matter of the measure or  
13 bill.

14           (b) A member of the house of representatives to whom  
15 Subsection (a) applies shall file a written notice of that fact with  
16 the chief clerk of the house of representatives. A senator to whom  
17 Subsection (a) applies shall file a written notice of that fact with  
18 the secretary of the senate. The member shall also file a notice  
19 with the commission. A notice filed under this subsection must:

20           (1) identify:

21                   (A) the member;

22                   (B) the measure, bill, or class of measures or  
23 bills with respect to which the notice is required under this  
24 section; and

25                   (C) the person registered as a lobbyist; and

26           (2) be included in the journal of the house to which  
27 the member belongs.



1       (c) A person related to the member to whom Subsection (a)  
2 applies shall file a notice with the commission identifying:

3           (1) the person;

4           (2) the member; and

5           (3) the class of measures or bills with respect to  
6 which notice is required under this section.

7       (d) A person related to the member to whom Subsection (a)  
8 applies shall file the notice required by Subsection (c) not later  
9 than:

10           (1) the beginning of a regular or special legislative  
11 session as to which the person is registered as a lobbyist under  
12 Chapter 305 and will communicate directly with a member of the  
13 legislative branch with respect to the measure, bill, or class of  
14 measures or bills; or

15           (2) the seventh business day after the day the person  
16 agrees to accept reimbursement or compensation to communicate  
17 directly with a member of the legislative branch with respect to the  
18 measure, bill, or class of measures or bills, if the person agrees  
19 to accept the reimbursement or compensation after the beginning of  
20 a legislative session.

21       (e) If it is reasonably foreseeable that a class of measures  
22 or bills will have an effect on a contract between a member and a  
23 governmental entity, a member shall file a financial statement that  
24 includes the information required by Section 572.0252 before  
25 introducing, sponsoring, or voting on a measure or bill in the class  
26 of measures or bills.

27       (f) A member of the legislature who violates this section is

1 subject to discipline by the house to which the member belongs, as  
2 provided by Section 11, Article III, Texas Constitution.

3 (g) In this section, "communicates directly with" and  
4 "member of the legislative branch" have the meanings assigned by  
5 Section 305.002.

6 SECTION 5.09. Section 30.003, Civil Practice and Remedies  
7 Code, is amended by adding Subsection (g) to read as follows:

8 (g) If the attorney for a party seeking a continuance under  
9 this section is a member or member-elect of the legislature, the  
10 attorney shall file a copy of the application for a continuance with  
11 the Texas Ethics Commission. The copy must be sent to the  
12 commission not later than the third business day after the date on  
13 which the attorney files the application with the court.

14 SECTION 5.10. (a) Section 572.052, Government Code, as  
15 amended by this Act, applies only to representation before a state  
16 agency in regard to a matter as to which a member of the legislature  
17 is hired on or after September 1, 2003. Representation in regard to  
18 a matter as to which a member of the legislature was hired before  
19 September 1, 2003, and the reporting of that representation are  
20 governed by the law in effect at the time the member was hired, and  
21 that law is continued in effect for that purpose.

22 (b) Sections 572.022 and 572.023, Government Code, as  
23 amended by this Act, and Sections 572.0251 and 572.0252, Government  
24 Code, as added by this Act, apply only to a financial statement  
25 required to be filed under Subchapter B, Chapter 572, Government  
26 Code, on or after January 1, 2004. A financial statement required  
27 to be filed under Subchapter B, Chapter 572, Government Code,

1 before January 1, 2004, is governed by the law in effect immediately  
2 before the effective date of this Act, and the former law is  
3 continued in effect for that purpose.

4 (c) Section 572.033(b), Government Code, as amended by this  
5 Act, applies only to a civil penalty imposed for a late report under  
6 Subchapter B, Chapter 572, Government Code, that is required to be  
7 filed on or after September 1, 2003. A civil penalty imposed for a  
8 late report under Subchapter B, Chapter 572, Government Code, that  
9 is required to be filed before September 1, 2003, is governed by the  
10 law in effect on the date the report was required to be filed, and  
11 the former law is continued in effect for that purpose.

12 (d) Section 30.003, Civil Practice and Remedies Code, as  
13 amended by this Act, applies only to an application for a  
14 continuance under that section that is made on or after September 1,  
15 2003. An application for a continuance under Section 30.003, Civil  
16 Practice and Remedies Code, that is made before September 1, 2003,  
17 is covered by the law in effect when the application was made, and  
18 the former law is continued in effect for that purpose.

19 ARTICLE 6. PERSONAL FINANCIAL DISCLOSURE BY AND STANDARDS OF  
20 CONDUCT FOR LOCAL GOVERNMENT OFFICERS

21 SECTION 6.01. Subtitle A, Title 5, Local Government Code,  
22 is amended by adding Chapter 145 to read as follows:

23 CHAPTER 145. FINANCIAL DISCLOSURE BY AND STANDARDS

24 OF CONDUCT FOR LOCAL GOVERNMENT OFFICERS

25 Sec. 145.001. APPLICABILITY OF CHAPTER. This chapter  
26 applies only to a municipality with a population of 350,000 or more.

27 Sec. 145.002. DEFINITION. In this chapter, "municipal

1 officer" means the mayor, a member of the governing body, the  
2 municipal attorney, or the city manager of a municipality.

3 Sec. 145.003. FINANCIAL STATEMENT REQUIRED. (a) A  
4 municipal officer or a candidate for a municipal office filled by  
5 election shall file a financial statement as required by this  
6 chapter.

7 (b) The statement must:

8 (1) be filed with the clerk or secretary of the  
9 municipality in which the officer or candidate resides; and

10 (2) comply with Sections 572.022 and 572.023,  
11 Government Code.

12 Sec. 145.004. FILING DATES; TIMELINESS OF FILING. (a) A  
13 municipal officer shall file the financial statement required by  
14 this chapter within the time prescribed by Section 572.026(a),  
15 Government Code.

16 (b) A person who is appointed to a municipal office shall  
17 file the financial statement required by this chapter within the  
18 time prescribed by Section 572.026(c), Government Code.

19 (c) A candidate for a municipal office filled by election  
20 shall file the financial statement required by this chapter not  
21 later than the earlier of:

22 (1) the 20th day after the deadline for filing an  
23 application for a place on the ballot in the election; or

24 (2) the fifth day before the date of the election.

25 (d) The timeliness of the filing is governed by Section  
26 572.029, Government Code.

27 (e) A municipal officer or a person who is appointed to a

1 municipal office may request the clerk or secretary of the  
2 municipality to grant an extension of not more than 60 days for  
3 filing the statement. The clerk or secretary shall grant the  
4 request if it is received before the filing deadline or if the  
5 officer's physical or mental incapacity prevents the officer from  
6 filing the statement or requesting an extension before the filing  
7 deadline. The clerk or secretary may not grant more than one  
8 extension to a person in one year except for good cause shown.

9 (f) The clerk or secretary may not grant an extension to a  
10 candidate for a municipal office filled by election.

11 Sec. 145.005. FORM OF STATEMENT. (a) The clerk or  
12 secretary of the municipality shall require that the form designed  
13 by the Texas Ethics Commission under Chapter 572, Government Code,  
14 be used for filing the financial statement.

15 (b) The clerk or secretary shall mail two copies of the form  
16 to each municipal officer or person who is appointed to a municipal  
17 office who is required to file under this chapter within the time  
18 prescribed by Section 572.030(c)(1), Government Code. The clerk or  
19 secretary shall mail a copy of the form to each candidate for a  
20 municipal office filled by election who is required to file under  
21 this chapter not later than the 10th day before the deadline for  
22 filing the statement under Section 145.004(c).

23 Sec. 145.006. DUPLICATE OR SUPPLEMENTAL STATEMENTS. If a  
24 person has filed a financial statement under one provision of this  
25 chapter covering the preceding calendar year, the person is not  
26 required to file a financial statement required under another  
27 provision of this chapter covering that same year if, before the

1 deadline for filing the statement under the other provision, the  
2 person notifies the clerk or secretary of the municipality in  
3 writing that the person has already filed a financial statement  
4 under this chapter covering that year.

5 Sec. 145.007. PUBLIC ACCESS TO STATEMENTS. (a) Financial  
6 statements filed under this chapter are public records. The clerk  
7 or secretary of the municipality shall maintain the statements in  
8 separate alphabetical files and in a manner that is accessible to  
9 the public during regular office hours.

10 (b) Until the first anniversary of the date a financial  
11 statement is filed, each time a person, other than the clerk or  
12 secretary of the municipality or an employee of the clerk or  
13 secretary who is acting on official business, requests to see the  
14 financial statement, the clerk or secretary shall place in the file  
15 a statement of the person's name and address, whom the person  
16 represents, and the date of the request. The clerk or secretary  
17 shall retain that statement in the file until the first anniversary  
18 of the date the requested financial statement is filed.

19 (c) The clerk or secretary of the municipality may, and on  
20 notification from a former officer or candidate shall, destroy any  
21 financial statements filed by the officer or candidate after the  
22 second anniversary of the date the person ceases to be an officer or  
23 candidate, as applicable.

24 Sec. 145.008. NOTIFICATION TO PROSECUTING ATTORNEY. The  
25 clerk or secretary of each municipality shall maintain a list of the  
26 municipal officers and candidates for municipal office required to  
27 file a financial statement under this chapter. Not later than the

1 10th day after each applicable filing deadline, the municipal clerk  
2 shall provide to the municipal attorney a copy of the list showing  
3 for each municipal officer and candidate for municipal office:

4 (1) whether the officer or candidate timely filed a  
5 financial statement as required by this chapter;

6 (2) whether the officer or candidate timely requested  
7 and was granted an extension of time to file as provided for by  
8 Section 145.004 and the new due date for each such officer or  
9 candidate; or

10 (3) whether the officer or candidate did not timely  
11 file a financial statement or receive an extension of time.

12 Sec. 145.009. CRIMINAL PENALTY. (a) A municipal officer or  
13 a candidate for a municipal office filled by election commits an  
14 offense if the officer or candidate knowingly fails to file a  
15 financial statement as required by this chapter.

16 (b) An offense under this section is a Class B misdemeanor.

17 (c) It is a defense to prosecution under this section that  
18 the officer or candidate did not receive copies of the financial  
19 statement form required to be mailed to the officer or candidate by  
20 this chapter.

21 Sec. 145.010. CIVIL PENALTY. (a) A person who determines  
22 that a person required to file a financial statement under this  
23 chapter has failed to do so may notify in writing the municipal  
24 attorney of the municipality.

25 (b) On receipt of a written notice under Subsection (a), the  
26 municipal attorney shall determine from any available evidence  
27 whether the person to whom the notice relates has failed to file a

1 statement. On making that determination, the municipal attorney  
2 shall immediately mail by certified mail a notice of the  
3 determination to the person responsible for filing the statement.

4 (c) If the person responsible for filing the statement fails  
5 to file the statement before the 30th day after the date the person  
6 receives the notice under Subsection (b), the person is civilly  
7 liable to the municipality for an amount not to exceed \$1,000.

8 (d) A penalty paid under this section shall be deposited to  
9 the credit of the general fund of the municipality.

10 SECTION 6.02. Subchapter A, Chapter 159, Local Government  
11 Code, is amended by adding Section 159.0071 to read as follows:

12 Sec. 159.0071. NOTIFICATION TO PROSECUTING ATTORNEY. The  
13 county clerk of each county shall maintain a list of the county  
14 officers and candidates for county office required to file a  
15 financial statement under this subchapter. Not later than the 10th  
16 day after each applicable filing deadline, the county clerk shall  
17 provide to the county attorney or criminal district attorney a copy  
18 of the list showing for each county officer and candidate for county  
19 office:

20 (1) whether the officer or candidate timely filed a  
21 financial statement as required by this subchapter;

22 (2) whether the officer or candidate timely requested  
23 and was granted an extension of time to file as provided for by  
24 Section 159.004 and the new due date for each such officer or  
25 candidate; or

26 (3) whether the officer or candidate did not timely  
27 file a financial statement or receive an extension of time.



1 SECTION 6.03. Chapter 171, Local Government Code, is  
2 amended by adding Section 171.010 to read as follows:

3 Sec. 171.010. REGULATION BY CERTAIN POLITICAL  
4 SUBDIVISIONS. (a) This section applies only to an officer of:

5 (1) a county with a population of more than one  
6 million; or

7 (2) a junior college district, any part of which is  
8 located in a county described by Subdivision (1).

9 (b) The commissioners court of a county or the governing  
10 body of a school district or a junior college district may regulate  
11 conflicts of interest of and related ethical issues involving  
12 elected officers of the county or district, as appropriate.

13 (c) A regulation authorized by Subsection (b) may not be  
14 inconsistent with a provision of this chapter, except that the  
15 commissioners court or governing body may adopt a regulation that  
16 is more stringent than a provision of this chapter.

17 (d) The commissioners court of a county or governing body of  
18 a school district or junior college district may adopt procedures  
19 for the enforcement of regulations adopted under this section,  
20 including procedures authorizing suit to be brought in the district  
21 court for appropriate injunctive relief to prevent the violation or  
22 threatened violation of a regulation adopted under this section  
23 from continuing or occurring.

24 (e) The commissioners court of a county or governing body of  
25 a school district or junior college district may impose a civil  
26 penalty for a violation of a regulation adopted under this section.  
27 The amount of a civil penalty under this subsection may not exceed

1 the lesser of:

2 (1) \$2,000; or

3 (2) three times the amount at issue in the violation.

4 (f) A person commits an offense if the person violates a  
5 regulation adopted under this section. An offense under this  
6 section is a Class C misdemeanor.

7 SECTION 6.04. Subtitle C, Title 5, Local Government Code,  
8 is amended by adding Chapter 176 to read as follows:

9 CHAPTER 176. DISCLOSURE OF CERTAIN RELATIONSHIPS WITH LOCAL  
10 GOVERNMENT OFFICERS

11 Sec. 176.001. APPLICABILITY OF CHAPTER. This chapter  
12 applies only to:

13 (1) a county with a population of 2.2 million or more;

14 (2) a municipality with a population of 1.18 million  
15 or more; and

16 (3) a local governmental entity that is appointed by a  
17 county or municipality described by this section.

18 Sec. 176.002. DEFINITIONS. In this chapter:

19 (1) "Family member" means a person related to another  
20 person within the first degree by consanguinity or affinity, as  
21 described by Subchapter B, Chapter 573, Government Code.

22 (2) "Local governmental entity" means a local  
23 government corporation, board, commission, district, or authority  
24 to which a member is appointed by the commissioners court of a  
25 county, the mayor of a municipality, or the governing body of a  
26 municipality.

27 (3) "Local government officer" means:

1           (A) a county judge;

2           (B) a county commissioner;

3           (C) a mayor;

4           (D) a municipal attorney;

5           (E) a member of the governing body of a  
6 municipality;

7           (F) a city manager of a municipality; or

8           (G) a member of a local governmental entity  
9 appointed by the commissioners court of a county, a mayor, or the  
10 governing body of a municipality.

11           Sec. 176.003. APPLICABILITY TO CERTAIN VENDORS AND OTHER  
12 PERSONS. (a) This chapter applies to a person who:

13               (1) contracts or seeks to contract for the sale or  
14 purchase of property, goods, or services with a county,  
15 municipality, or local governmental entity; or

16               (2) seeks the approval of a plat or permit with the  
17 commissioners court of a county, the governing body of a  
18 municipality, or a local governmental entity.

19           (b) A person is not subject to this chapter under Subsection  
20 (a) if the person is:

21               (1) a state, a political subdivision of a state, the  
22 federal government, or a foreign government; or

23               (2) an employee of an entity described by Subdivision  
24 (1), acting in the employee's official capacity.

25           Sec. 176.004. CONFLICTS DISCLOSURE STATEMENT. (a) The  
26 commissioners court of a county or the governing body of a  
27 municipality shall adopt a conflicts disclosure statement for local

1 government officers of the county or municipality or the local  
2 governmental entity to which the commissioners court of the county,  
3 mayor of the municipality, or governing body of the municipality  
4 appoints a member. The conflicts disclosure statement must  
5 include:

6 (1) a requirement that each local government officer  
7 disclose:

8 (A) an employment or other business relationship  
9 of the local government officer or a family member of the local  
10 government officer with a person described by Section 176.003(a)  
11 that results in the local government officer receiving taxable  
12 income, including the nature and extent of the relationship; and

13 (B) gifts received by the local government  
14 officer and any family member of the local government officer from a  
15 person described by Section 176.003(a) in the 12-month period  
16 before the date of the statement that have a total value of more  
17 than \$250;

18 (2) an acknowledgment from the local government  
19 officer that:

20 (A) the disclosure applies to a family member of  
21 the local government officer; and

22 (B) the statement covers the 12-month period  
23 before the date of the statement; and

24 (3) the signature of the local government officer  
25 acknowledging that the statement is made under oath under penalty  
26 of perjury.

27 (b) A local government officer shall file a conflicts

1 disclosure statement with the custodian of the records of the  
2 governing body of the county, municipality, or local governmental  
3 entity not later than 5 p.m. on the first business day on which the  
4 local government officer becomes aware of the relationship between  
5 the county, municipality, or local governmental entity and the  
6 person described by Section 176.003(a) if:

7 (1) the person has contracted with the county,  
8 municipality, or local governmental entity;

9 (2) the county, municipality, or local governmental  
10 entity is considering doing business with the person; or

11 (3) the person has offered one or more gifts that have  
12 a total value of more than \$250 to that local government officer or  
13 a family member of the local government officer in the 12-month  
14 period preceding the date the local government officer becomes  
15 aware of the relationship between the county, municipality, or  
16 local governmental entity and the person.

17 (c) If the governing board of a local governmental entity is  
18 appointed by both the commissioners court of a county and the mayor  
19 or governing body of a municipality, the local government officers  
20 of the local governmental entity shall use the conflicts disclosure  
21 statement adopted by the commissioners court.

22 (d) A person commits an offense if the person is a local  
23 government officer and the person fails to file the conflicts  
24 disclosure statement as required by Subsection (b). An offense  
25 under this subsection is a Class B misdemeanor.

26 (e) A county or municipality may extend the requirements of  
27 this section to all or a group of the employees of the county or

1 municipality or of a local governmental entity of the county or  
2 municipality. A county, municipality, or local governmental entity  
3 may reprimand, suspend, or terminate an employee who fails to  
4 comply with a requirement adopted under this section.

5 Sec. 176.005. DISCLOSURE REQUIREMENTS FOR VENDORS AND OTHER  
6 PERSONS; QUESTIONNAIRE. (a) This section applies only to a person  
7 described by Section 176.003(a) who:

8 (1) responds to a request for proposals or bids of a  
9 county, municipality, or local governmental entity;

10 (2) communicates with a county, municipality, or local  
11 governmental entity in connection with a potential agreement  
12 between the person and the county, municipality, or local  
13 governmental entity; or

14 (3) requests action by the county, municipality, or  
15 local governmental entity on a plat or permit.

16 (b) The commissioners court of a county or the governing  
17 body of a municipality shall adopt a conflict of interest  
18 questionnaire that requires disclosure of a person's affiliations  
19 or business relationships that might cause a conflict of interest.

20 (c) A person described by Subsection (a) shall file a  
21 completed conflict of interest questionnaire with the custodian of  
22 records of the county, municipality, or local governmental entity  
23 not later than the seventh day after the date that the person:

24 (1) begins contract discussions or negotiations with  
25 the county, municipality, or local governmental entity;

26 (2) forwards to the county, municipality, or local  
27 governmental entity an application, response to a request for

1 proposals or bids, correspondence, or another writing related to a  
2 potential agreement with the county, municipality, or local  
3 governmental entity; or

4 (3) submits a request for approval of a plat or permit.

5 (d) A person described by Subsection (a) shall file an  
6 updated completed questionnaire with the custodian of records of  
7 the county, municipality, or local governmental entity not later  
8 than:

9 (1) September 1 of each year in which an activity  
10 described by Subsection (a) is pending; and

11 (2) the seventh day after the date of an event that  
12 would make a statement in the questionnaire incomplete or  
13 inaccurate.

14 (e) A contract entered into by the county, municipality, or  
15 local governmental entity and a person described by Subsection (a)  
16 is voidable if the person violates this section. The contract must  
17 state the substance of this subsection.

18 Sec. 176.006. ELECTRONIC FILING. The requirements of this  
19 chapter, including signature requirements, may be satisfied by  
20 electronic filing in a form approved by the county, municipality,  
21 or local governmental entity.

22 Sec. 176.007. POSTING ON INTERNET. A county or  
23 municipality that adopts a conflicts disclosure statement and a  
24 conflict of interest questionnaire under this chapter shall provide  
25 access to the statements and questionnaires filed under this  
26 chapter, including any statement or questionnaire filed in relation  
27 to a local governmental entity of the county or municipality, on the

1 Internet website maintained by the county or municipality.

2 Sec. 176.008. REQUIREMENTS CUMULATIVE. The requirements of  
3 this chapter are in addition to any other disclosure required by  
4 law.

5 SECTION 6.05. Chapter 145, Local Government Code, as added  
6 by this Act, applies beginning January 1, 2004. A municipal officer  
7 or candidate for municipal office is not required to include  
8 financial activity occurring before January 1, 2003, in a financial  
9 disclosure statement under Chapter 145, Local Government Code, as  
10 added by this Act.

11 SECTION 6.06. Section 176.005(e), Local Government Code, as  
12 added by this Act, applies only to a contract entered into on or  
13 after September 1, 2003.

14 SECTION 6.07. Each county and municipality subject to  
15 Chapter 176, Local Government Code, as added by this Act, shall  
16 adopt the conflicts disclosure statement and the conflict of  
17 interest questionnaire required by that chapter not later than  
18 December 31, 2003.

19 SECTION 6.08. (a) A local government officer is not  
20 required to file a conflicts disclosure statement under Chapter  
21 176, Local Government Code, as added by this Act, before January 1,  
22 2004.

23 (b) A person described by Section 176.003(a), Local  
24 Government Code, as added by this Act, is not required to file a  
25 conflict of interest questionnaire under Chapter 176, Local  
26 Government Code, as added by this Act, before January 1, 2004.

27 ARTICLE 7. MISUSE OF CONFIDENTIAL INFORMATION BY GOVERNMENTAL



OFFICER OR EMPLOYEE

SECTION 7.01. The heading to Section 552.352, Government Code, is amended to read as follows:

Sec. 552.352. DISTRIBUTION OR MISUSE OF CONFIDENTIAL INFORMATION.

SECTION 7.02. Section 552.352, Government Code, is amended by adding Subsections (a-1) and (a-2) to read as follows:

(a-1) An officer or employee of a governmental body who obtains access to confidential information under Section 552.008 commits an offense if the officer or employee knowingly:

(1) uses the confidential information for a purpose other than the purpose for which the information was received or for a purpose unrelated to the law that permitted the officer or employee to obtain access to the information, including solicitation of political contributions or solicitation of clients;

(2) permits inspection of the confidential information by a person who is not authorized to inspect the information; or

(3) discloses the confidential information to a person who is not authorized to receive the information.

(a-2) For purposes of Subsection (a-1), a member of an advisory committee to a governmental body who obtains access to confidential information in that capacity is considered to be an officer or employee of the governmental body.

ARTICLE 8. EFFECTIVE DATE

SECTION 8.01. This Act takes effect September 1, 2003.