

AN ACT

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

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

ARTICLE 1. FUNCTIONS AND DUTIES OF TEXAS ETHICS COMMISSION

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

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

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

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

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

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 a ~~[an affirmative record]~~ vote of
21 at least six commission members initiate a preliminary review as
22 provided by Section 571.124 or perform a complete audit of a
23 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 571.071, Government Code, is amended
15 by adding Subsection (c) to read as follows:

16 (c) The commission may provide a seminar for persons
17 required to register under Chapter 305 that addresses issues
18 involving lobbying, political contributions and expenditures, and
19 other issues as determined by the commission. The commission may
20 charge a fee for attending the seminar in an amount necessary to
21 cover the costs associated with the seminar.

22 SECTION 1.12. Section 571.073, Government Code, is amended
23 to read as follows:

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

27 (1) each advisory opinion issued by the commission

1 under Subchapter D in the preceding two years;

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

4 (A) the number of sworn complaints filed with the
5 commission;

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

8 (C) the number of sworn complaints dismissed for
9 lack of jurisdiction;

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

12 (E) the number of sworn complaints dismissed
13 after a finding of a lack of sufficient evidence to determine
14 whether a violation within the jurisdiction of the commission has
15 occurred;

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

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

21 (H) the number and amount of civil penalties
22 imposed for failure to timely file a statement or report, the number
23 and amount of those civil penalties fully paid, the number and
24 amount of those civil penalties partially paid, and the number and
25 amount of those civil penalties no part of which has been paid, for
26 each of the following category of statements and reports, listed
27 separately:

1 (i) financial statements required to be
2 filed under Chapter 572;

3 (ii) political contribution and
4 expenditure reports required to be filed under Section 254.063,
5 254.093, 254.123, 254.153, or 254.157, Election Code;

6 (iii) political contribution and
7 expenditure reports required to be filed under Section 254.064(b),
8 254.124(b), or 254.154(b), Election Code;

9 (iv) political contribution and
10 expenditure reports required to be filed under Section 254.064(c),
11 254.124(c), or 254.154(c), Election Code;

12 (v) political contribution and expenditure
13 reports required to be filed under Section 254.038 or 254.039,
14 Election Code; and

15 (vi) political contribution and
16 expenditure reports required to be filed under Section 254.0391,
17 Election Code; and

18 (3) recommendations for any necessary statutory
19 changes.

20 SECTION 1.13. Subchapter C, Chapter 571, Government Code,
21 is amended by adding Sections 571.0771, 571.078, and 571.079 to
22 read as follows:

23 Sec. 571.0771. CORRECTED STATEMENTS, REGISTRATIONS, AND
24 REPORTS CONSIDERED TIMELY FILED. (a) A statement, registration,
25 or report required that is filed with the commission is not
26 considered to be late for purposes of any applicable civil penalty
27 for late filing of the statement, registration, or report if:

1 (1) the statement, registration, or report as
2 originally filed substantially complies with the applicable law;
3 and

4 (2) the person filing the statement, registration, or
5 report files a corrected or amended statement, registration, or
6 report not later than the 14th business day after the date the
7 person learns that the statement, registration, or report as
8 originally filed is inaccurate or incomplete.

9 (b) This section does not apply to a penalty imposed under
10 Section 571.069 or Subchapter E or F.

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

14 (1) negotiated rulemaking procedures under Chapter
15 2008 for the adoption of commission rules; and

16 (2) appropriate alternative dispute resolution
17 procedures under Chapter 2009 to assist in the resolution of
18 internal and external disputes under the commission's
19 jurisdiction.

20 (b) Subsection (a)(2) does not apply to a preliminary review
21 or preliminary review hearing under Sections 571.124 through
22 571.126.

23 (c) The commission's procedures relating to alternative
24 dispute resolution must conform, to the extent possible, to any
25 model guidelines issued by the State Office of Administrative
26 Hearings for the use of alternative dispute resolution by state
27 agencies.

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

2 (1) coordinate the implementation of the policy
3 adopted under Subsection (a);

4 (2) serve as a resource for any training needed to
5 implement the procedures for negotiated rulemaking or alternative
6 dispute resolution; and

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

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

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

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

21 (b) The commission may not post information under this
22 section that relates to a civil penalty while the penalty is the
23 subject of an administrative or judicial appeal by the candidate
24 against whom the penalty is imposed.

25 (c) 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 1.14. 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 an
5 affirmative [~~record~~] vote of at least six commission members or on
6 a sworn complaint, and render decisions on complaints or reports of
7 violations as provided by this chapter; and

8 (2) agree to the settlement of issues.

9 SECTION 1.15. 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 1.16. 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 1.17. 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 1.18. 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
19 at least six commission members, the commission, without a sworn
20 complaint, may initiate a preliminary review of the matter that is
21 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 1.19. 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 both to 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 1.20. 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 1.21. 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 1.22. 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 1.23. 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 1.24. 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 a [~~record~~] vote of at least
19 six members if the final decision is that a violation has occurred
20 or by five members if the final decision is that a violation has not
21 occurred.

22 SECTION 1.25. 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 1.26. 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 1.27. 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 1.28. 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 1.29. 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 1.30. 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 1.31. 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 1.32. 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 1.33. Sections 571.124(d), 571.127, and 571.128,
2 Government Code, are repealed.

3 SECTION 1.34. 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 1.35. 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) , [or] (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. Subchapter B, Chapter 253, Election Code, is
14 amended by adding Sections 253.040 and 253.043 to read as follows:

15 Sec. 253.040. SEPARATE ACCOUNTS. (a) Each candidate or
16 officeholder shall keep the person's campaign and officeholder
17 contributions in one or more accounts that are separate from any
18 other account maintained by the person.

19 (b) A person who violates this section commits an offense.
20 An offense under this section is a Class B misdemeanor.

21 Sec. 253.043. POLITICAL CONTRIBUTIONS USED IN CONNECTION
22 WITH APPOINTIVE OFFICE. A former candidate or former officeholder
23 who lawfully accepts political contributions may use those
24 contributions to make an expenditure to defray expenses incurred by
25 the person in performing a duty or engaging in an activity in
26 connection with an appointive office of a state board or
27 commission.

1 SECTION 2.091. Section 254.031, Election Code, is amended
2 by amending Subsection (a) and adding Subsection (a-1) to read as
3 follows:

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

6 (1) the amount of political contributions from each
7 person that in the aggregate exceed \$50 and that are accepted during
8 the reporting period by the person or committee required to file a
9 report under this chapter, the full name and address of the person
10 making the contributions, and the dates of the contributions;

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

22 (3) the amount of political expenditures that in the
23 aggregate exceed \$50 and that are made during the reporting period,
24 the full name and address of the persons to whom the expenditures
25 are made, and the dates and purposes of the expenditures;

26 (4) the amount of each payment made during the
27 reporting period from a political contribution if the payment is

1 not a political expenditure, the full name and address of the person
2 to whom the payment is made, and the date and purpose of the
3 payment;

4 (5) the total amount or a specific listing of the
5 political contributions of \$50 or less accepted and the total
6 amount or a specific listing of the political expenditures of \$50 or
7 less made during the reporting period;

8 (6) the total amount of all political contributions
9 accepted and the total amount of all political expenditures made
10 during the reporting period; ~~and~~

11 (7) the name of each candidate or officeholder who
12 benefits from a direct campaign expenditure made during the
13 reporting period by the person or committee required to file the
14 report, and the office sought or held, excluding a direct campaign
15 expenditure that is made by the principal political committee of a
16 political party on behalf of a slate of two or more nominees of that
17 party; and

18 (8) as of the last day of a reporting period for which
19 the person is required to file a report, the total amount of
20 political contributions accepted, including interest or other
21 income on those contributions, maintained in one or more accounts
22 in which political contributions are deposited as of the last day of
23 the reporting period.

24 (a-1) A de minimis error in calculating or reporting a cash
25 balance under Subsection (a)(8) is not a violation of this section.

26 SECTION 2.10. Subchapter B, Chapter 254, Election Code, is
27 amended by adding Section 254.0312 to read as follows:

1 Sec. 254.0312. BEST EFFORTS. (a) A person required to file
2 a report under this chapter is considered to be in compliance with
3 Section 254.0612, 254.0912, or 254.1212 only if the person or the
4 person's campaign treasurer shows that the person has used best
5 efforts to obtain, maintain, and report the information required by
6 those sections. A person is considered to have used best efforts to
7 obtain, maintain, and report that information if the person or the
8 person's campaign treasurer complies with this section.

9 (b) Each written solicitation for political contributions
10 from an individual must include:

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

14 (2) an accurate statement of state law regarding the
15 collection and reporting of individual contributor information,
16 such as:

17 (A) "State law requires (certain candidates,
18 officeholders, or political committees, as applicable) to use best
19 efforts to collect and report the full name and address, principal
20 occupation or job title, and full name of employer of individuals
21 whose contributions equal or exceed \$500 in a reporting period.";
22 or

23 (B) "To comply with state law, (certain
24 candidates, officeholders, or political committees, as applicable)
25 must use best efforts to obtain, maintain, and report the full name
26 and address, principal occupation or job title, and full name of
27 employer of individuals whose contributions equal or exceed \$500 in

1 a reporting period.".

2 (c) For each political contribution received from an
3 individual that, when aggregated with all other political
4 contributions received from the individual during the reporting
5 period, equals or exceeds \$500 and for which the information
6 required by Section 254.0612, 254.0912, or 254.1212 is not
7 provided, the person must make at least one oral or written request
8 for the missing information. A request under this subsection:

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

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

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

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

16 (d) A person must report any information required by Section
17 254.0612, 254.0912, or 254.1212 that is not provided by the
18 individual making the political contribution and that the person
19 has in the person's records of political contributions or previous
20 reports under this chapter.

21 (e) A person who receives information required by Section
22 254.0612, 254.0912, or 254.1212 after the filing deadline for the
23 report on which the contribution is reported must include the
24 missing information on the next report the person is required to
25 file under this chapter.

26 SECTION 2.11. Section 254.035, Election Code, is amended by
27 adding Subsections (c) and (d) to read as follows:

1 (c) The amount of a political expenditure made by credit
2 card is readily determinable by the person making the expenditure
3 on the date the person receives the credit card statement that
4 includes the expenditure.

5 (d) Subsection (c) does not apply to a political expenditure
6 made by credit card during the period covered by a report required
7 to be filed under Section 254.064(b) or (c), 254.124(b) or (c), or
8 254.154(b) or (c).

9 SECTION 2.12. Section 254.036, Election Code, is amended by
10 amending Subsections (b) and (c) and adding Subsection (c-1) to
11 read as follows:

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

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

21 (1) the candidate, officeholder, or campaign
22 treasurer of the committee files with the commission an affidavit
23 stating that the candidate, officeholder, or committee, an agent of
24 the candidate, officeholder, or committee, or a person with whom
25 the candidate, officeholder, or committee contracts does not use
26 computer equipment to keep the current records of political
27 contributions, political expenditures, or persons making political

1 contributions to the candidate, officeholder, or committee; and

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

6 (c-1) An affidavit under Subsection (c) [~~this subsection~~]
7 must be filed with each report filed under Subsection (a). The
8 affidavit must include a statement that the candidate,
9 officeholder, or political committee understands that the
10 candidate, officeholder, or committee shall file reports as
11 required by Subsection (b) if:

12 (1) the candidate, officeholder, or committee, a
13 consultant of the candidate, officeholder, or committee, or a
14 person with whom the candidate, officeholder, or committee
15 contracts uses computer equipment for a purpose described by
16 Subsection (c); or

17 (2) the candidate, officeholder, or committee exceeds
18 \$20,000 in political contributions or political expenditures in a
19 calendar year [~~this subsection, the candidate, officeholder, or~~
20 ~~committee is required to file reports under Subsection (b)].~~

21 SECTION 2.13. Sections 254.038(a) and (c), Election Code,
22 are amended to read as follows:

23 (a) In addition to other reports required by this chapter,
24 the following persons shall file additional reports during the
25 period beginning the ninth day before election day and ending at 12
26 noon on the [~~second~~] day before election day:

27 (1) a candidate for an [~~statewide~~] office specified by

1 Section 252.005(1) who [~~has an opponent whose name is to appear on~~
2 ~~the ballot and who~~] accepts political contributions from a person
3 that in the aggregate exceed \$1,000 during that reporting period;
4 and

5 (2) [~~a candidate for state senator who has an opponent~~
6 ~~whose name is to appear on the ballot and who accepts political~~
7 ~~contributions from a person that in the aggregate exceed \$1,000~~
8 ~~during that reporting period;~~

9 [(3) ~~a candidate for state representative who has an~~
10 ~~opponent whose name is to appear on the ballot and who accepts~~
11 ~~political contributions from a person that in the aggregate exceed~~
12 ~~\$200 during that reporting period;~~

13 [(4)] a specific-purpose committee for supporting or
14 opposing a candidate described by Subdivision (1) [~~for statewide~~
15 ~~office~~] and that accepts political contributions from a person that
16 in the aggregate exceed \$1,000 during that reporting period[+]

17 [(5) ~~a specific-purpose committee for supporting or~~
18 ~~opposing a candidate for state senator and that accepts political~~
19 ~~contributions from a person that in the aggregate exceed \$1,000~~
20 ~~during that reporting period; and~~

21 [(6) ~~a specific-purpose committee for supporting or~~
22 ~~opposing a candidate for state representative and that accepts~~
23 ~~political contributions from a person that in the aggregate exceed~~
24 ~~\$200 during that reporting period].~~

25 (c) A report under this section shall be filed
26 electronically, by telegram or telephonic facsimile machine, or by
27 hand with the commission not later than 5 p.m. of the first business

1 day [~~48 hours~~] after the date the contribution is accepted.

2 SECTION 2.14. Section 254.0401(a), Election Code, is
3 amended to read as follows:

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

9 SECTION 2.15. Section 254.042(b), Election Code, is amended
10 to read as follows:

11 (b) If a report other than a report under Section
12 254.064(c), 254.124(c), or 254.154(c) or the first report under
13 Section 254.063 or 254.123 that is required to be filed following
14 the primary or general election is determined to be late, the person
15 required to file the report is [~~civilly~~] liable to the state for a
16 civil penalty of \$500 [~~an amount determined by commission rule, but~~
17 ~~not to exceed \$100 for each day that the report is late~~]. If a
18 report under Section 254.064(c), 254.124(c), or 254.154(c) or the
19 first report under Section 254.063 or 254.153 that is required to be
20 filed following the primary or general election is determined to be
21 late, the person required to file the report is liable to the state
22 for a civil penalty of \$500 for the first day the report is late and
23 \$100 for each day thereafter that the report is late. If a report is
24 more than 30 days late, the commission shall issue a warning of
25 liability by registered mail to the person required to file the
26 report. If the penalty is not paid before the 10th day after the
27 date on which the warning is received, the person is liable for a

1 civil penalty in an amount determined by commission rule, but not to
2 exceed \$10,000.

3 SECTION 2.16. Subchapter B, Chapter 254, Election Code, is
4 amended by adding Section 254.043 to read as follows:

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

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

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

13 (b) A resident of the territory served by an office may
14 bring an action for injunctive relief against a candidate for or
15 holder of that office or a specific-purpose committee for
16 supporting or opposing such a candidate or assisting such an
17 officeholder to require the person to file a report under this
18 chapter that the person has failed to timely file.

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

21 (1) the report is not filed before the 60th day after
22 the date on which the report was required to be filed;

23 (2) not earlier than the 60th day after the date on
24 which the report was required to be filed, the person bringing the
25 action delivers written notice by certified mail to the person
26 required to file the report, stating:

27 (A) the person's intention to bring an action

1 under this section if the report is not filed; and

2 (B) that an action to require the filing of the
3 report may be filed if the report is not filed before the 30th day
4 after the date on which the person required to file the report
5 receives the notice; and

6 (3) the report is not filed before the 30th day after
7 the date on which the person required to file the report receives
8 the notice required by Subdivision (2).

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

12 SECTION 2.17. Subchapter C, Chapter 254, Election Code, is
13 amended by adding Section 254.0612 to read as follows:

14 Sec. 254.0612. ADDITIONAL CONTENTS OF REPORTS BY CANDIDATE
15 FOR STATEWIDE EXECUTIVE OFFICE OR LEGISLATIVE OFFICE. In addition
16 to the contents required by Sections 254.031 and 254.061, each
17 report by a candidate for a statewide office in the executive branch
18 or a legislative office must include, for each individual from whom
19 the person filing the report has accepted political contributions
20 that in the aggregate equal or exceed \$500 and that are accepted
21 during the reporting period:

22 (1) the individual's principal occupation or job
23 title; and

24 (2) the full name of the individual's employer.

25 SECTION 2.18. Subchapter D, Chapter 254, Election Code, is
26 amended by adding Section 254.0912 to read as follows:

27 Sec. 254.0912. ADDITIONAL CONTENTS OF REPORTS BY STATEWIDE

1 EXECUTIVE OFFICEHOLDERS AND LEGISLATIVE OFFICEHOLDERS. In
2 addition to the contents required by Sections 254.031 and 254.091,
3 each report by a holder of a statewide office in the executive
4 branch or a legislative office must include the contents prescribed
5 by Section 254.0612.

6 SECTION 2.19. Subchapter E, Chapter 254, Election Code, is
7 amended by adding Section 254.1212 to read as follows:

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

17 SECTION 2.20. Section 254.151, Election Code, is amended to
18 read as follows:

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

22 (1) the committee's full name and address;
23 (2) the full name, residence or business street
24 address, and telephone number of the committee's campaign
25 treasurer;

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

1 (4) the name of each identified candidate or measure
2 or classification by party of candidates supported or opposed by
3 the committee, indicating whether the committee supports or opposes
4 each listed candidate, measure, or classification by party of
5 candidates;

6 (5) the name of each identified officeholder or
7 classification by party of officeholders assisted by the committee;

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

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

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

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

22 (A) establish or administer the political
23 committee; or

24 (B) finance the solicitation of political
25 contributions to the committee under Section 253.100.

26 SECTION 2.21. Subchapter F, Chapter 254, Election Code, is
27 amended by adding Section 254.1581 to read as follows:

1 Sec. 254.1581. REPORTING BY OUT-OF-STATE POLITICAL
2 COMMITTEE. For each reporting period under this subchapter in
3 which an out-of-state political committee accepts political
4 contributions or makes political expenditures, the committee shall
5 file with the commission a copy of one or more reports filed with
6 the Federal Election Commission or with the proper filing authority
7 of at least one other state that shows the political contributions
8 accepted, political expenditures made, and other expenditures made
9 by the committee. A report must be filed within the same period in
10 which it is required to be filed under federal law or the law of the
11 other state.

12 SECTION 2.22. Section 254.204(a), Election Code, is amended
13 to read as follows:

14 (a) At the end of the six-year period prescribed by Section
15 254.203, the former officeholder or candidate shall remit any
16 unexpended political contributions to one or more of the following:

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

19 (2) a candidate or political committee;

20 (3) the comptroller [~~of public accounts~~]
21 in the state treasury [~~State Treasury~~];

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

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

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

5 SECTION 2.23. Section 255.001, Election Code, is amended to
6 read as follows:

7 Sec. 255.001. REQUIRED DISCLOSURE ON POLITICAL
8 ADVERTISING. (a) A person may not knowingly cause to be published,
9 distributed [~~enter into a contract or other agreement to print,~~
10 ~~publish~~], or broadcast political advertising containing express
11 advocacy that does not indicate in the advertising:

12 (1) that it is political advertising; and

13 (2) the full name of:

14 (A) the person who paid for the political
15 advertising;

16 (B) the political committee authorizing the
17 political advertising; or

18 (C) the candidate or specific-purpose committee
19 supporting the candidate, if the political advertising is
20 authorized by the candidate [~~either the individual who personally~~
21 ~~entered into the contract or agreement with the printer, publisher,~~
22 ~~or broadcaster or the person that individual represents; and~~

23 ~~[(3) in the case of advertising that is printed or~~
24 ~~published, the address of either the individual who personally~~
25 ~~entered into the agreement with the printer or publisher or the~~
26 ~~person that individual represents].~~

27 (b) Political advertising that is authorized by a

1 candidate, an agent of a candidate, or a political committee filing
2 reports under this title shall be deemed to contain express
3 advocacy.

4 (c) A person may not knowingly use, cause or permit to be
5 used, or continue to use any published, distributed, or broadcast
6 political advertising containing express advocacy that the person
7 knows does not include the disclosure required by Subsection (a). A
8 person is presumed to know that the use of political advertising is
9 prohibited by this subsection if the commission notifies the person
10 in writing that the use is prohibited. A person who learns that
11 political advertising signs, as defined by Section 255.007, that
12 have been distributed do not include the disclosure required by
13 Subsection (a) or include a disclosure that does not comply with
14 Subsection (a) does not commit a continuing violation of this
15 subsection if the person makes a good faith attempt to remove or
16 correct those signs. A person who learns that printed political
17 advertising other than a political advertising sign that has been
18 distributed does not include the disclosure required by Subsection
19 (a) or includes a disclosure that does not comply with Subsection
20 (a) is not required to attempt to recover the political advertising
21 and does not commit a continuing violation of this subsection as to
22 any previously distributed political advertising.

23 (d) This section does not apply to:

24 (1) tickets or invitations to political fund-raising
25 events;

26 (2) [~~or to~~] campaign buttons, pins, hats, or similar
27 campaign materials; or

1 (3) circulars or flyers that cost in the aggregate
2 less than \$500 to publish and distribute.

3 (e) [~~e~~] A person who violates this section is liable to
4 the state for a civil penalty in an amount determined by the
5 commission not to exceed \$4,000 [~~commits an offense. An offense~~
6 ~~under this section is a Class A misdemeanor].~~

7 SECTION 2.24. The heading to Section 257.005, Election
8 Code, is amended to read as follows:

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

11 SECTION 2.25. Section 257.005(a), Election Code, is amended
12 to read as follows:

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

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

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

25 SECTION 2.26. Sections 253.100(d), 254.036(d) and (g), and
26 254.0401(b) and (c), Election Code, are repealed.

27 SECTION 2.27. (a) Section 254.036, Election Code, as

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

7 (b) Section 254.0312, Election Code, as added by this Act,
8 applies only to a report that is required to be filed under Chapter
9 254, Election Code, on or after July 1, 2005.

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

18 (d) Sections 254.0612, 254.0912, and 254.1212, Election
19 Code, as added by this Act, apply only to the reporting of a
20 political contribution accepted on or after January 1, 2004. The
21 reporting of a political contribution accepted before January 1,
22 2004, is governed by the law in effect at the time the contribution
23 was accepted, and the former law is continued in effect for that
24 purpose.

25 (e) Section 254.151, Election Code, as amended by this Act,
26 applies to the reporting of an expenditure made on or after
27 September 1, 2003. The reporting of an expenditure made before

1 September 1, 2003, is governed by the law in effect at the time the
2 expenditure was made.

3 (f) Section 255.001, Election Code, as amended by this Act,
4 applies only to political advertising that is published,
5 distributed, or broadcast on or after September 1, 2003.

6 ARTICLE 3. SPEAKER'S RACE

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

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

12 (b) A declaration of speaker candidacy must:

13 (1) be in writing;

14 (2) identify the legislative session as to which the
15 candidacy relates; and

16 (3) include:

17 (A) the speaker candidate's name;

18 (B) the speaker candidate's residence or
19 business street address; and

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

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

26 (d) A declaration of speaker candidacy terminates on the
27 earlier of:

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

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

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

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

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

15 (1) the first filing date after the date on which the
16 speaker candidate files the declaration of candidacy required by
17 Section 302.0121 [announcement or initiation of the candidacy];

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

19 (3) each filing date until all campaign loans have
20 been repaid.

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

26 (e) The Texas Ethics Commission shall implement an
27 electronic filing system under Subsection (d) not later than

1 September 1, 2004. The commission by rule shall identify the date
2 on which the requirement that a statement must be made as required
3 by Subsection (d) takes effect and the first reporting period under
4 Subsection (c) for which a statement must be made as required by
5 Subsection (d). This subsection expires January 1, 2005.

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

8 (b) A statement required to be filed on the day before a
9 regular or called session convenes must actually be delivered and
10 in the possession of the Texas Ethics Commission not later than 5
11 [4] p.m. of that day.

12 SECTION 3.04. Subchapter B, Chapter 302, Government Code,
13 is amended by adding Sections 302.0191 and 302.0201 to read as
14 follows:

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

19 (1) political contributions accepted under Title 15,
20 Election Code;

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

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

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

26 (a) A former speaker candidate may:

27 (1) use unexpended campaign funds to retire debt

1 incurred in connection with the speaker candidacy; or

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

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

6 (B) a recognized charitable organization formed
7 for educational, religious, or scientific purposes that is exempt
8 from taxation under Section 501(c)(3), Internal Revenue Code of
9 1986, and its subsequent amendments.

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

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

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

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

25 (2) the date and amount of each payment reported under
26 Subdivision (1); and

27 (3) the information required by Section 302.014 as to

1 any contribution, loan, or expenditure not previously reported on a
2 statement filed under Section 302.013.

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

4 (1) the period:

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

8 (B) ending on December 31 of the preceding year;

9 or

10 (2) the preceding calendar year.

11 (f) A former speaker candidate shall file the report on an
12 official form designed by the Texas Ethics Commission. Sections
13 302.015 and 302.016 apply to a report filed under this section.

14 (g) For purposes of this section, a speaker candidate
15 elected as speaker of the house of representatives is considered to
16 be a former speaker candidate.

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

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

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

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

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

1 (4) [~~(2)~~] knowingly accepts [~~receives~~] a
2 contribution, loan, or promise of a contribution or loan prohibited
3 by Section 302.017 from a corporation, partnership, association,
4 firm, union, foundation, committee, club, or other organization or
5 group of persons; [~~or~~]

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

10 (6) [~~(3)~~] expends campaign funds for any purpose other
11 than those enumerated in Section 302.020;

12 (7) knowingly retains contributions, assets purchased
13 with contributions, or interest or other income earned on
14 contributions in violation of Section 302.0201(b); or

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

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

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

26 SECTION 3.06. (a) Section 302.021, Government Code, as
27 amended by this Act, applies only to an offense committed on or

1 after September 1, 2003. For the purposes of this section, an
2 offense is committed before September 1, 2003, if any element of the
3 offense occurs before that date.

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

7 ARTICLE 4. LOBBYING

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

10 SUBCHAPTER A. GENERAL PROVISIONS; REGISTRATION

11 SECTION 4.02. Section 305.002, Government Code, is amended
12 by adding Subdivisions (12)-(14) to read as follows:

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

15 (13) "Matter" means the subject matters for which a
16 registrant has been reimbursed, retained, or employed by a client
17 to communicate directly with a member of the legislative or
18 executive branch.

19 (14) "Person associated with the registrant" or "other
20 associated person" means a partner or other person professionally
21 associated with the registrant through a common business entity,
22 other than a client, that reimburses, retains, or employs the
23 registrant.

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

27 (b) Subsection (a)(2) requires a person to register if the

1 person, as part of his regular employment, has communicated
2 directly with a member of the legislative or executive branch to
3 influence legislation or administrative action on behalf of the
4 person by whom he is compensated or reimbursed, whether or not the
5 person receives any compensation for the communication in addition
6 to the salary for that regular employment.

7 (b-1) [~~However,~~] Subsection (a)(2) does not require a
8 member of the judicial, legislative, or executive branch of state
9 government or an officer or employee of a political subdivision of
10 the state to register. This subsection does not apply to an officer
11 or employee of a quasi-governmental agency. For purposes of this
12 subsection, "quasi-governmental agency" means a governmental
13 agency, other than an institution of higher education as defined by
14 Section 61.003, Education Code, that has as one of its primary
15 purposes engaging in an activity that is normally engaged in by a
16 nongovernmental agency, including:

17 (1) acting as a trade association; or

18 (2) competing in the public utility business with
19 private entities.

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

24 SECTION 4.04. Section 305.005(a), Government Code, is
25 amended to read as follows:

26 (a) Each person required to register under this chapter
27 shall file a written registration [~~form~~] with the commission [~~on a~~

1 ~~form prescribed by the commission]~~ and shall submit a registration
2 fee.

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

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

8 SECTION 4.06. Section 305.0061, Government Code, is amended
9 by amending Subsections (a) and (b) and adding Subsection (g) to
10 read as follows:

11 (a) If a registrant or a person on the registrant's behalf
12 and with the registrant's consent or ratification makes
13 expenditures that exceed 60 percent of the amount of the
14 legislative per diem in [~~\$50~~] a day for transportation or lodging
15 for a member of the legislative or executive branch, the registrant
16 shall also state the following on the report filed under Section
17 305.006:

18 (1) the name of the member of the legislative or
19 executive branch in whose behalf the expenditure is made;

20 (2) the place and date of the transportation or
21 lodging; and

22 (3) the purpose of the transportation or lodging.

23 (b) If a registrant or a person on the registrant's behalf
24 and with the registrant's consent or ratification makes
25 expenditures that exceed 60 percent of the amount of the
26 legislative per diem in [~~\$50~~] a day for food and beverages for a
27 member of the legislative or executive branch or makes expenditures

1 that exceed 60 percent of the amount of the legislative per diem in
2 [\$50] a day for entertainment for a member of the legislative or
3 executive branch or for the immediate family of a member of the
4 legislative or executive branch, the registrant shall also state
5 the following on the report filed under Section 305.006:

6 (1) the name of the member of the legislative or
7 executive branch in whose behalf the expenditure is made;

8 (2) the place and date of the expenditure; and

9 (3) the amount of the expenditure by the appropriate
10 category of the amount, as determined by the commission.

11 (g) In this section, "legislative per diem" means the per
12 diem set by the commission for members of the legislature as
13 provided by Section 24(a), Article III, Texas Constitution.

14 SECTION 4.07. Subchapter A, Chapter 305, Government Code,
15 is amended by adding Section 305.0064 to read as follows:

16 Sec. 305.0064. ELECTRONIC FILING OF REGISTRATIONS AND
17 ACTIVITY REPORTS. (a) Except as provided by Subsection (b), each
18 registration filed under Section 305.005 and each report filed
19 under Section 305.006 must be filed by computer diskette, modem, or
20 other means of electronic transfer, using computer software
21 provided by the commission or computer software that meets
22 commission specifications for a standard file format.

23 (b) The commission shall adopt rules under which a
24 registrant may file paper registrations or reports on forms
25 prescribed by the commission. The rules must be designed to ensure
26 that:

27 (1) use of the electronic filing system under

1 Subsection (a) is maximized; and

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

4 (c) The commission shall implement an electronic filing
5 system under Subsection (a) not later than December 1, 2004. The
6 commission by rule shall identify the date on which the requirement
7 that a registration must be made as required by Subsection (a) takes
8 effect and the first reporting period under Section 305.007 for
9 which a report must be made as required by Subsection (a). This
10 subsection expires January 1, 2005.

11 (d) A registration fee under Section 305.005(c)(1) or (2)
12 for the calendar years 2004 and 2005 is increased by an amount
13 determined by the commission as sufficient to generate additional
14 revenue necessary to develop and implement an electronic filing
15 system under Subsection (a). Additional revenue generated by a fee
16 increase under this subsection may be used only to develop and
17 implement the electronic filing system under Subsection (a). The
18 commission may impose a different increase for each fee under
19 Section 305.005(c). This subsection expires January 1, 2006.

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

22 (b) Except as permitted by Subsection (c), a registrant may
23 not represent a client [~~person~~] in communicating directly with a
24 member of the legislative or executive branch to influence a
25 legislative subject matter [~~legislation~~] or an administrative
26 action if the representation of that client [~~person~~]:

27 (1) involves a substantially related matter in which

1 that client's [~~person's~~] interests are materially and directly
2 adverse to the interests of:

3 (A) another client of the registrant;

4 (B) an employer or concern employing the
5 registrant; or

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

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

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

13 (B) the registrant's, employer's or concern's own
14 interests, or [~~partner's or~~] other associated person's own business
15 interests.

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

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

20 (2) not later than the second business day after the
21 date the registrant becomes aware of a [~~an actual or potential~~]
22 conflict described by Subsection [~~(a) or~~] (b), the registrant
23 provides written notice, in the manner required by the commission,
24 to each affected [~~or potentially affected~~] client; and

25 (3) not later than the 10th day after the date the
26 registrant becomes aware of a [~~an actual or potential~~] conflict
27 described by Subsection [~~(a) or~~] (b), the registrant files with the

1 commission a statement that:

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

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

7 (C) states the name and address of each affected
8 client.

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

12 (g) The commission may receive complaints regarding a
13 violation of this section. If the commission determines a
14 violation of this section has occurred, the commission, after
15 notice and hearing:

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

19 (2) may rescind the person's registration and may
20 prohibit the person from registering with the commission for a
21 period not to exceed two years from the date of the rescission of
22 the person's registration.

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

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

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

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

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

12 SECTION 4.11. Section 556.005(b), Government Code, is
13 amended to read as follows:

14 (b) A state agency may not use appropriated money to pay, on
15 behalf of the agency or an officer or employee of the agency,
16 membership dues to an organization that pays part or all of the
17 salary of a person who is required by Chapter 305 to register as a
18 lobbyist. This subsection does not apply to the payment by a state
19 agency of membership fees under Chapter 81.

20 SECTION 4.12. Sections 305.028(a) and 305.031(c),
21 Government Code, are repealed.

22 SECTION 4.13. (a) Sections 305.0061(a) and (b), Government
23 Code, as amended by this Act, apply only to the reporting under
24 Chapter 305, Government Code, of an expenditure for transportation,
25 lodging, food and beverages, or entertainment made on or after
26 September 1, 2003. The reporting under Chapter 305, Government
27 Code, of an expenditure for transportation, lodging, food and

1 beverages, or entertainment made before September 1, 2003, is
2 governed by the law in effect at the time the expenditure is made,
3 and the former law is continued in effect for that purpose.

4 (b) Sections 305.028 and 305.031, Government Code, as
5 amended by this Act, apply only to an offense committed on or after
6 September 1, 2003. For the purposes of this section, an offense is
7 committed before September 1, 2003, if any element of the offense
8 occurs before that date. An offense committed before September 1,
9 2003, is covered by the law in effect when the offense was
10 committed, and the former law is continued in effect for that
11 purpose.

12 (c) Section 305.033(b), Government Code, as amended by this
13 Act, applies only to a civil penalty imposed for a late registration
14 or report under Chapter 305, Government Code, that is required to be
15 filed on or after September 1, 2003. A civil penalty imposed for a
16 late registration or report under Chapter 305, Government Code,
17 that is required to be filed before September 1, 2003, is governed
18 by the law in effect on the date the report was required to be filed,
19 and the former law is continued in effect for that purpose.

20 ARTICLE 5. PERSONAL FINANCIAL DISCLOSURE BY AND STANDARDS OF
21 CONDUCT FOR STATE OFFICERS AND EMPLOYEES

22 SECTION 5.01. Section 572.021, Government Code, is amended
23 to read as follows:

24 Sec. 572.021. FINANCIAL STATEMENT REQUIRED. A state
25 officer, a partisan or independent candidate for an office as an
26 elected officer, and a party chairman shall file with the
27 commission a verified financial statement complying with Sections

1 572.022 through 572.0252 [~~572.025~~].

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

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

6 (1) the street address, if available, or the number of
7 lots or number of acres, as applicable, in each county, and the name
8 of the county, if the street address is not available; and

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

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

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

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

27 (2) identification by name and the category of the

1 number of shares of stock of any business entity held or acquired,
2 and if sold, the category of the amount of net gain or loss realized
3 from the sale;

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

7 (4) identification of each source and the category of
8 the amount of income in excess of \$500 derived from each source from
9 interest, dividends, royalties, and rents;

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

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

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

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

27 (B) a political contribution that was reported as

1 required by Chapter 254, Election Code [~~law~~]; and

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

4 (8) identification of the source and the category of
5 the amount of all income received as beneficiary of a trust, other
6 than a blind trust that complies with Subsection (c), and
7 identification of each trust asset, if known to the beneficiary,
8 from which income was received by the beneficiary in excess of \$500;

9 (9) identification by description and the category of
10 the amount of all assets and liabilities of a corporation, firm,
11 [~~or~~] partnership, limited partnership, limited liability
12 partnership, professional corporation, professional association,
13 joint venture, or other business association in which 50 percent or
14 more of the outstanding ownership was held, acquired, or sold;

15 (10) a list of all boards of directors of which the
16 individual is a member and executive positions that the individual
17 holds in corporations, firms, partnerships, limited partnerships,
18 limited liability partnerships, professional corporations,
19 professional associations, joint ventures, or other business
20 associations or proprietorships, stating the name of each
21 corporation, firm, partnership, limited partnership, limited
22 liability partnership, professional corporation, professional
23 association, joint venture, or other business association or
24 proprietorship and the position held;

25 (11) identification of any person providing
26 transportation, meals, or lodging expenses permitted under Section
27 36.07(b), Penal Code, and the amount of those expenses, other than

1 expenditures required to be reported under Chapter 305; ~~and~~

2 (12) any corporation, firm, partnership, limited
3 partnership, limited liability partnership, professional
4 corporation, professional association, joint venture, or other
5 business association, excluding a publicly held corporation, in
6 which both the individual ~~[state officer]~~ and a person registered
7 under Chapter 305 have an interest;

8 (13) identification by name and the category of the
9 number of shares of any mutual fund held or acquired, and if sold,
10 the category of the amount of net gain or loss realized from the
11 sale; and

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

14 (A) the category of the fair market value of the
15 trust;

16 (B) the date the trust was created;

17 (C) the name and address of the trustee; and

18 (D) a statement signed by the trustee, under
19 penalty of perjury, stating that:

20 (i) the trustee has not revealed any
21 information to the individual, except information that may be
22 disclosed under Subdivision (8); and

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

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

27 (1) the trustee:

- 1 (A) is a disinterested party;
2 (B) is not the individual;
3 (C) is not required to register as a lobbyist
4 under Chapter 305;
5 (D) is not a public officer or public employee;
6 and
7 (E) was not appointed to public office by the
8 individual or by a public officer or public employee the individual
9 supervises; and

10 (2) the trustee has complete discretion to manage the
11 trust, including the power to dispose of and acquire trust assets
12 without consulting or notifying the individual.

13 (d) If a blind trust under Subsection (c) is revoked while
14 the individual is subject to this subchapter, 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.

19 SECTION 5.04. Subchapter B, Chapter 572, Government Code,
20 is amended by adding Sections 572.0251 and 572.0252 to read as
21 follows:

22 Sec. 572.0251. INFORMATION ABOUT LEGISLATIVE CONTINUANCES.
23 A member or member-elect of the legislature licensed to practice
24 law in this state who represents a party to a civil or criminal case
25 for compensation and on that party's behalf applies for or obtains a
26 legislative continuance under Section 30.003, Civil Practice and
27 Remedies Code, or under another law or rule that requires or permits

1 a court to grant a continuance on the grounds that an attorney for a
2 party is a member or member-elect of the legislature shall report on
3 the financial statement:

4 (1) the name of the party represented;

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

7 (3) the style and cause number of the action in which
8 the continuance was sought and the court and jurisdiction in which
9 the action was pending when the continuance was sought;

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

12 (5) whether the continuance was granted.

13 Sec. 572.0252. INFORMATION ABOUT REFERRALS. A state
14 officer who is an attorney shall report on the financial statement:

15 (1) making or receiving any referral for compensation
16 for legal services; and

17 (2) the category of the amount of any fee accepted for
18 making a referral for legal services.

19 SECTION 5.05. Section 572.026(b), Government Code, is
20 amended to read as follows:

21 (b) An individual who is appointed to serve as a salaried
22 appointed officer or an appointed officer of a major state agency or
23 who is appointed to fill a vacancy in an elective office shall file
24 a financial statement not later than the 14th [~~30th~~] day after the
25 date of appointment or the date of qualification for the office, or
26 if confirmation by the senate is required, before the first
27 committee hearing on the confirmation, whichever date is earlier.

1 SECTION 5.06. Section 572.033(b), Government Code, is
2 amended to read as follows:

3 (b) If a statement is determined to be late, the individual
4 responsible for filing the statement is [~~civilly~~] liable to the
5 state for a civil penalty of \$500 [~~an amount determined by~~
6 ~~commission rule, but not to exceed \$100 for each day that the~~
7 ~~statement is late~~]. If a statement is more than 30 days late, the
8 commission shall issue a warning of liability by registered mail to
9 the individual responsible for the filing. If the penalty is not
10 paid before the 10th day after the date on which the warning is
11 received, the individual is liable for a civil penalty in an amount
12 determined by commission rule, but not to exceed \$10,000.

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

15 (a) A member of the legislature may not, for compensation,
16 represent another person before a state agency in the executive
17 branch of state government unless[+

18 [~~(1)~~] the representation:

19 (1) [(A)] is pursuant to an attorney-client
20 relationship in a criminal law matter [~~made in a proceeding that is~~
21 ~~adversary in nature or in another public hearing that is a matter of~~
22 ~~record~~]; or

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

27 [~~(2) the member discloses to the agency that the~~

1 ~~member is being compensated for the representation].~~

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

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

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

19 (1) identify:

20 (A) the member;

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

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

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

27 (c) A person related to the member to whom Subsection (a)

1 applies shall file a notice with the commission identifying:

2 (1) the person;

3 (2) the member; and

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

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

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

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

20 (e) A member of the legislature who violates this section is
21 subject to discipline by the house to which the member belongs, as
22 provided by Section 11, Article III, Texas Constitution.

23 (f) In this section, "communicates directly with" and
24 "member of the legislative branch" have the meanings assigned by
25 Section 305.002.

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

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

7 SECTION 5.10. (a) Section 572.026(b), Government Code, as
8 amended by this Act, applies only to the filing of a financial
9 statement by an individual appointed on or after September 1, 2003,
10 to serve as a salaried appointed officer or an appointed officer of
11 a major state agency or to fill a vacancy in an elective office. The
12 filing of a financial statement by an individual appointed before
13 September 1, 2003, to serve as a salaried appointed officer or an
14 appointed officer of a major state agency or to fill a vacancy in an
15 elective office is governed by the law in effect on the date the
16 individual is appointed, and the former law is continued in effect
17 for that purpose.

18 (b) Section 572.052, Government Code, as amended by this
19 Act, applies only to representation before a state agency in regard
20 to a matter as to which a member of the legislature is hired on or
21 after September 1, 2003. Representation in regard to a matter as to
22 which a member of the legislature was hired before September 1,
23 2003, and the reporting of that representation are governed by the
24 law in effect at the time the member was hired, and that law is
25 continued in effect for that purpose.

26 (c) Sections 572.022 and 572.023, Government Code, as
27 amended by this Act, and Sections 572.0251 and 572.0252, Government

1 Code, as added by this Act, apply only to a financial statement
2 required to be filed under Subchapter B, Chapter 572, Government
3 Code, on or after January 1, 2005. A financial statement required
4 to be filed under Subchapter B, Chapter 572, Government Code,
5 before January 1, 2005, is governed by the law in effect immediately
6 before the effective date of this Act, and the former law is
7 continued in effect for that purpose.

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

16 (e) Section 30.003, Civil Practice and Remedies Code, as
17 amended by this Act, applies only to an application for a
18 continuance under that section that is made on or after September 1,
19 2003. An application for a continuance under Section 30.003, Civil
20 Practice and Remedies Code, that is made before September 1, 2003,
21 is covered by the law in effect when the application was made, and
22 the former law is continued in effect for that purpose.

23 ARTICLE 6. PERSONAL FINANCIAL DISCLOSURE BY AND STANDARDS OF
24 CONDUCT FOR LOCAL GOVERNMENT OFFICERS

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

27 CHAPTER 145. FINANCIAL DISCLOSURE BY AND STANDARDS

1 OF CONDUCT FOR LOCAL GOVERNMENT OFFICERS

2 Sec. 145.001. APPLICABILITY OF CHAPTER. This chapter
3 applies only to a municipality with a population of 100,000 or more.

4 Sec. 145.002. DEFINITION. In this chapter, "municipal
5 officer" means the mayor, a member of the governing body, the
6 municipal attorney, or the city manager of a municipality.

7 Sec. 145.003. FINANCIAL STATEMENT REQUIRED. (a) A
8 municipal officer or a candidate for a municipal office filled by
9 election shall file a financial statement as required by this
10 chapter.

11 (b) The statement must:

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

14 (2) comply with Sections 572.022 and 572.023,
15 Government Code.

16 Sec. 145.004. FILING DATES; TIMELINESS OF FILING. (a) A
17 municipal officer shall file the financial statement required by
18 this chapter within the time prescribed by Section 572.026(a),
19 Government Code.

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

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

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

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

2 (d) The timeliness of the filing is governed by Section
3 572.029, Government Code.

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

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

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

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

27 Sec. 145.006. DUPLICATE OR SUPPLEMENTAL STATEMENTS. If a

1 person has filed a financial statement under one provision of this
2 chapter covering the preceding calendar year, the person is not
3 required to file a financial statement required under another
4 provision of this chapter covering that same year if, before the
5 deadline for filing the statement under the other provision, the
6 person notifies the clerk or secretary of the municipality in
7 writing that the person has already filed a financial statement
8 under this chapter covering that year.

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

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

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

1 Sec. 145.008. NOTIFICATION TO PROSECUTING ATTORNEY. The
2 clerk or secretary of each municipality shall maintain a list of the
3 municipal officers and candidates for municipal office required to
4 file a financial statement under this chapter. Not later than the
5 10th day after each applicable filing deadline, the municipal clerk
6 shall provide to the municipal attorney a copy of the list showing
7 for each municipal officer and candidate for municipal office:

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

10 (2) whether the officer or candidate timely requested
11 and was granted an extension of time to file as provided for by
12 Section 145.004 and the new due date for each such officer or
13 candidate; or

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

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

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

21 (c) It is a defense to prosecution under this section that
22 the officer or candidate did not receive copies of the financial
23 statement form required to be mailed to the officer or candidate by
24 this chapter.

25 Sec. 145.010. CIVIL PENALTY. (a) A person who determines
26 that a person required to file a financial statement under this
27 chapter has failed to do so may notify in writing the municipal

1 attorney of the municipality.

2 (b) On receipt of a written notice under Subsection (a), the
3 municipal attorney shall determine from any available evidence
4 whether the person to whom the notice relates has failed to file a
5 statement. On making that determination, the municipal attorney
6 shall immediately mail by certified mail a notice of the
7 determination to the person responsible for filing the statement.

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

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

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

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

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

26 (2) whether the officer or candidate timely requested
27 and was granted an extension of time to file as provided for by

1 Section 159.004 and the new due date for each such officer or
2 candidate; or

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

5 SECTION 6.03. Subchapter F, Chapter 335, Local Government
6 Code, is amended by adding Section 335.1085 to read as follows:

7 Sec. 335.1085. FILING OF FINANCIAL STATEMENT BY DIRECTOR.

8 (a) A director shall file the financial statement required of state
9 officers under Subchapter B, Chapter 572, Government Code, with:

10 (1) the board; and

11 (2) the Texas Ethics Commission.

12 (b) Subchapter B, Chapter 572, Government Code:

13 (1) applies to a director as if the director were a
14 state officer; and

15 (2) governs the contents, timeliness of filing, and
16 public inspection of a statement filed under this section.

17 (c) A director commits an offense if the director fails to
18 file the statement required by this section. An offense under this
19 section is a Class B misdemeanor.

20 SECTION 6.04. Subchapter C, Chapter 11, Education Code, is
21 amended by adding Section 11.064 to read as follows:

22 Sec. 11.064. FILING OF FINANCIAL STATEMENT BY TRUSTEE. (a)

23 A trustee of an independent school district with an enrollment of at
24 least 5,000 students shall file the financial statement required of
25 state officers under Subchapter B, Chapter 572, Government Code,
26 with:

27 (1) the board of trustees; and

1 (2) the Texas Ethics Commission.

2 (b) Subchapter B, Chapter 572, Government Code:

3 (1) applies to a trustee subject to this section as if
4 the trustee were a state officer; and

5 (2) governs the contents, timeliness of filing, and
6 public inspection of a statement filed under this section.

7 (c) A trustee subject to this section commits an offense if
8 the trustee fails to file the statement required by this section. An
9 offense under this section is a Class B misdemeanor.

10 SECTION 6.05. Chapter 60, Water Code, is amended by adding
11 Subchapter O to read as follows:

12 SUBCHAPTER O. FINANCIAL DISCLOSURE BY

13 MEMBERS OF GOVERNING BODY

14 Sec. 60.451. APPLICABILITY OF SUBCHAPTER. This subchapter
15 applies only to a port authority or navigation district created or
16 operating under Section 52, Article III, or Section 59, Article
17 XVI, Texas Constitution.

18 Sec. 60.452. FILING OF FINANCIAL STATEMENT BY MEMBER OF
19 GOVERNING BODY. (a) A member of the governing body of a port
20 authority or navigation district shall file the financial statement
21 required of state officers under Subchapter B, Chapter 572,
22 Government Code, with:

23 (1) the authority or district, as appropriate; and

24 (2) the Texas Ethics Commission.

25 (b) Subchapter B, Chapter 572, Government Code:

26 (1) applies to a member of the governing body of an
27 authority or district as if the member were a state officer; and

1 (2) governs the contents, timeliness of filing, and
2 public inspection of a statement filed under this section.

3 (c) A member of the governing body of an authority or
4 district commits an offense if the member fails to file the
5 statement required by this section. An offense under this section
6 is a Class B misdemeanor.

7 SECTION 6.06. Chapter 145, Local Government Code, as added
8 by this Act, applies beginning January 1, 2005. A municipal officer
9 or candidate for municipal office is not required to include
10 financial activity occurring before January 1, 2004, in a financial
11 disclosure statement under Chapter 145, Local Government Code, as
12 added by this Act.

13 SECTION 6.07. Section 335.1085, Local Government Code, as
14 added by this Act, applies beginning January 1, 2005. A director
15 subject to Subchapter F, Chapter 335, Local Government Code, is not
16 required to include financial activity occurring before January 1,
17 2004, in a financial disclosure statement under Section 335.1085,
18 Local Government Code, as added by this Act.

19 SECTION 6.08. Section 11.064, Education Code, as added by
20 this Act, applies beginning January 1, 2005. A trustee subject to
21 Section 11.064, Education Code, as added by this Act, is not
22 required to include financial activity occurring before January 1,
23 2004, in a financial disclosure statement under that section.

24 SECTION 6.09. Subchapter O, Chapter 60, Water Code, as
25 added by this Act, applies beginning January 1, 2005. A member of
26 the governing body of a port authority or navigation district
27 subject to Subchapter O, Chapter 60, Water Code, is not required to

1 include financial activity occurring before January 1, 2004, in a
2 financial disclosure statement under Section 60.452, Water Code, as
3 added by this Act.

4 ARTICLE 7. MISUSE OF CONFIDENTIAL INFORMATION BY GOVERNMENTAL
5 OFFICER OR EMPLOYEE

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

8 Sec. 552.352. DISTRIBUTION OR MISUSE OF CONFIDENTIAL
9 INFORMATION.

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

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

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

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

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

26 (a-2) For purposes of Subsection (a-1), a member of an
27 advisory committee to a governmental body who obtains access to

1 confidential information in that capacity is considered to be an
2 officer or employee of the governmental body.

3 ARTICLE 8. EFFECTIVE DATE

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

President of the Senate

Speaker of the House

I certify that H.B. No. 1606 was passed by the House on May 8, 2003, by a non-record vote; that the House refused to concur in Senate amendments to H.B. No. 1606 on May 30, 2003, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 1606 on June 1, 2003, by the following vote: Yeas 133, Nays 8, 2 present, not voting; and that the House adopted H.C.R. No. 295 authorizing certain corrections in H.B. No. 1606 on June 1, 2003, by a non-record vote.

Chief Clerk of the House

H.B. No. 1606

I certify that H.B. No. 1606 was passed by the Senate, with amendments, on May 28, 2003, by a viva-voce vote; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 1606 on June 1, 2003, by a viva-voce vote; and that the Senate adopted H.C.R. No. 295 authorizing certain corrections in H.B. No. 1606 on June 2, 2003, by a viva-voce vote.

Secretary of the Senate

APPROVED: _____

Date

Governor