

1-1 By: Wolens (Senate Sponsor - Ellis) H.B. No. 1606
1-2 (In the Senate - Received from the House May 9, 2003;
1-3 May 13, 2003, read first time and referred to Committee on
1-4 Government Organization; May 26, 2003, reported adversely, with
1-5 favorable Committee Substitute by the following vote: Yeas 6, Nays
1-6 0; May 26, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 1606 By: Ellis

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to ethics of public servants, including the functions and
1-11 duties of the Texas Ethics Commission; the regulation of political
1-12 contributions, political advertising, lobbying, and conduct of
1-13 public servants; the reporting of political contributions and
1-14 personal financial information; and the misuse of certain
1-15 confidential information by governmental officers and employees;
1-16 providing civil and criminal penalties.

1-17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-18 ARTICLE 1. FUNCTIONS AND DUTIES OF TEXAS ETHICS COMMISSION

1-19 SECTION 1.01. Section 571.002, Government Code, is amended
1-20 by adding Subdivision (2-a) to read as follows:

1-21 (2-a) "Executive director" means the executive
1-22 director of the commission.

1-23 SECTION 1.02. Section 571.022, Government Code, is amended
1-24 to read as follows:

1-25 Sec. 571.022. SUNSET PROVISION. The commission is subject
1-26 to review under Chapter 325 (Texas Sunset Act), but is not abolished
1-27 under that chapter. The commission shall be reviewed during the
1-28 periods in which state agencies abolished in 2015 [~~2003~~] and every
1-29 12th year after that year are reviewed.

1-30 SECTION 1.03. Subchapter B, Chapter 571, Government Code,
1-31 is amended by adding Sections 571.0231 and 571.0232 to read as
1-32 follows:

1-33 Sec. 571.0231. RESTRICTION ON COMMISSION MEMBERSHIP. A
1-34 person may not be a member of the commission if the person is
1-35 required to register as a lobbyist under Chapter 305.

1-36 Sec. 571.0232. GROUNDS FOR REMOVAL. (a) It is a ground for
1-37 removal from the commission that a member:

1-38 (1) does not have at the time of taking office the
1-39 qualifications required by Section 24a, Article III, Texas
1-40 Constitution;

1-41 (2) does not maintain during service on the commission
1-42 the qualifications required by Section 24a, Article III, Texas
1-43 Constitution;

1-44 (3) is ineligible for membership under Section
1-45 571.0231;

1-46 (4) cannot, because of illness or disability,
1-47 discharge the member's duties for a substantial part of the member's
1-48 term; or

1-49 (5) is absent from more than half of the regularly
1-50 scheduled commission meetings that the member is eligible to attend
1-51 during a calendar year without an excuse approved by a majority vote
1-52 of the commission.

1-53 (b) The validity of an action of the commission is not
1-54 affected by the fact that it is taken when a ground for removal of a
1-55 commission member exists.

1-56 (c) If the executive director has knowledge that a potential
1-57 ground for removal exists, the executive director shall notify the
1-58 presiding officer of the commission of the potential ground. The
1-59 presiding officer shall then notify the governor and the attorney
1-60 general that a potential ground for removal exists. If the
1-61 potential ground for removal involves the presiding officer, the
1-62 executive director shall notify the next highest ranking officer of
1-63 the commission, who shall then notify the governor and the attorney

2-1 general that a potential ground for removal exists.

2-2 SECTION 1.04. Section 571.026(c), Government Code, is
2-3 amended to read as follows:

2-4 (c) An ~~[Except as otherwise provided by this chapter, an]~~
2-5 action or recommendation of the commission requiring a vote of the
2-6 commission is not valid unless:

2-7 (1) the action or recommendation is approved by a
2-8 record ~~[the]~~ vote ~~[is]~~ taken at a meeting of the commission with a
2-9 quorum present; and

2-10 (2) except as otherwise provided by this chapter, the
2-11 action or recommendation receives an affirmative vote of a majority
2-12 of the membership of the commission.

2-13 SECTION 1.05. Section 571.027(a), Government Code, is
2-14 amended to read as follows:

2-15 (a) A member of the commission may not participate in a
2-16 commission proceeding relating to any of the following actions if
2-17 the member is the subject of the action:

- 2-18 (1) a formal investigation by the commission;
- 2-19 (2) a sworn complaint filed with the commission; or
- 2-20 (3) a motion adopted by an affirmative ~~[record]~~ vote
2-21 of at least six members of the commission.

2-22 SECTION 1.06. Subchapter B, Chapter 571, Government Code,
2-23 is amended by adding Sections 571.0271 and 571.030-571.0303 to read
2-24 as follows:

2-25 Sec. 571.0271. COMMISSION MEMBER TRAINING. (a) A person
2-26 who is appointed to and qualifies for office as a member of the
2-27 commission may not vote, deliberate, or be counted as a member in
2-28 attendance at a meeting of the commission until the person
2-29 completes a training program that complies with this section.

2-30 (b) The training program must provide the person with
2-31 information regarding:

- 2-32 (1) the legislation that created the commission;
- 2-33 (2) the programs operated by the commission;
- 2-34 (3) the role and functions of the commission;
- 2-35 (4) the rules of the commission, with an emphasis on
2-36 the rules that relate to disciplinary and investigatory authority;
- 2-37 (5) the current budget for the commission;
- 2-38 (6) the results of the most recent formal audit of the
2-39 commission;

- 2-40 (7) the requirements of:
 - 2-41 (A) the open meetings law, Chapter 551;
 - 2-42 (B) the public information law, Chapter 552;
 - 2-43 (C) the administrative procedure law, Chapter
2-44 2001; and

2-45 (D) other laws relating to public officials,
2-46 including conflict-of-interest laws; and

2-47 (8) any applicable ethics policies adopted by the
2-48 commission.

2-49 (c) A person appointed to the commission is entitled to
2-50 reimbursement, as provided by the General Appropriations Act, for
2-51 the travel expenses incurred in attending the training program
2-52 regardless of whether the attendance at the program occurs before
2-53 or after the person qualifies for office.

2-54 Sec. 571.030. SEPARATION OF RESPONSIBILITIES. The
2-55 commission shall develop and implement policies that clearly
2-56 separate the policy-making responsibilities of the commission and
2-57 the management responsibilities of the executive director and the
2-58 staff of the commission.

2-59 Sec. 571.0301. INFORMATION TO MEMBERS AND EMPLOYEES. The
2-60 executive director or the executive director's designee shall
2-61 provide to members and employees of the commission, as often as
2-62 necessary, information regarding the requirements for office or
2-63 employment under this chapter, including information regarding a
2-64 person's responsibilities under applicable laws relating to
2-65 standards of conduct for state officers or employees.

2-66 Sec. 571.0302. EQUAL EMPLOYMENT POLICY. (a) The executive
2-67 director or the executive director's designee shall prepare and
2-68 maintain a written policy statement that implements a program of
2-69 equal employment opportunity to ensure that all personnel decisions

3-1 are made without regard to race, color, disability, sex, religion,
 3-2 age, or national origin.

3-3 (b) The policy statement must include:

3-4 (1) personnel policies, including policies relating
 3-5 to recruitment, evaluation, selection, training, and promotion of
 3-6 personnel, that show the intent of the commission to avoid the
 3-7 unlawful employment practices described by Chapter 21, Labor Code;
 3-8 and

3-9 (2) an analysis of the extent to which the composition
 3-10 of the commission's personnel is in accordance with state and
 3-11 federal law and a description of reasonable methods to achieve
 3-12 compliance with state and federal law.

3-13 (c) The policy statement must:

3-14 (1) be updated annually;
 3-15 (2) be reviewed by the state Commission on Human
 3-16 Rights for compliance with Subsection (b)(1); and
 3-17 (3) be filed with the governor's office.

3-18 Sec. 571.0303. TRAINING ON STATE EMPLOYEE INCENTIVE
 3-19 PROGRAM. The executive director or the executive director's
 3-20 designee shall provide to commission employees information and
 3-21 training on the benefits and methods of participation in the state
 3-22 employee incentive program.

3-23 SECTION 1.07. Section 571.033, Government Code, is
 3-24 renumbered as Section 571.0221, Government Code, and amended to
 3-25 read as follows:

3-26 Sec. 571.0221 [~~571.033~~]. DISCRIMINATION PROHIBITED.
 3-27 Appointments to the commission shall be made without regard to the
 3-28 [~~This chapter may not be applied to discriminate on the basis of~~]
 3-29 race, color, disability, sex, age, national origin, or religion of
 3-30 the appointees.

3-31 SECTION 1.08. Section 254.0361, Election Code, is
 3-32 transferred to Subchapter C, Chapter 571, Government Code, is
 3-33 redesignated as Section 571.0671, Government Code, and is amended
 3-34 to read as follows:

3-35 Sec. 571.0671 [~~254.0361~~]. REQUIREMENTS FOR ELECTRONIC
 3-36 FILING SOFTWARE. (a) Computer software provided or approved by the
 3-37 commission for use under Section 254.036(b), Election Code, or
 3-38 Section 302.013 or 305.0064 must:

3-39 (1) use a standardized format for the entry of names,
 3-40 addresses, and zip codes;

3-41 (2) provide for secure and encoded transmission of
 3-42 data from the computer of a person filing a report to the computers
 3-43 used by the commission;

3-44 (3) be capable of being used by a person with basic
 3-45 computing skills [~~who uses a computer that uses a Windows operating~~
 3-46 ~~system, Macintosh operating system, or another operating system~~
 3-47 ~~that the commission determines is as popular as those systems for~~
 3-48 ~~use with personal computers]; [and]~~

3-49 (4) provide confirmation to a person filing a report
 3-50 that the report was properly received; and

3-51 (5) permit a person using a computer to prepare a
 3-52 report or to retrieve information from a report to import
 3-53 information to the report from a variety of computer software
 3-54 applications that meet commission specifications for a standard
 3-55 file format or export information from the report to a variety of
 3-56 computer software applications that meet commission specifications
 3-57 for a standard file format without the need to reenter information.

3-58 (b) Before determining the specifications for computer
 3-59 software developed, purchased, or licensed for use under Section
 3-60 254.036, Election Code, or Section 302.013 or 305.0064, the
 3-61 commission shall conduct at least one public hearing to discuss the
 3-62 specifications. For at least 10 days following the hearing, the
 3-63 commission shall accept public comments concerning the software
 3-64 specifications.

3-65 (c) The commission may provide software for use under
 3-66 Section 254.036(b), Election Code, or Section 302.013 or 305.0064
 3-67 by making the software available on the Internet. If the commission
 3-68 makes the software available on the Internet, the commission is not
 3-69 required to provide the software on computer diskettes, CD-ROMs, or

4-1 other storage media without charge to persons required to file
4-2 reports under that section, but may charge a fee for providing the
4-3 software on storage media. A fee under this subsection may not
4-4 exceed the cost to the commission of providing the software.

4-5 SECTION 1.09. Subchapter C, Chapter 571, Government Code,
4-6 is amended by adding Section 571.0672 to read as follows:

4-7 Sec. 571.0672. PROPOSITION OF TECHNOLOGICAL SOLUTIONS. The
4-8 commission shall develop and implement a policy requiring the
4-9 executive director and commission employees to research and propose
4-10 appropriate technological solutions to improve the commission's
4-11 ability to perform its functions. The technological solutions
4-12 must:

4-13 (1) ensure that the public is able to easily find
4-14 information about the commission on the Internet;

4-15 (2) ensure that persons who want to use the
4-16 commission's services are able to:

4-17 (A) interact with the commission through the
4-18 Internet; and

4-19 (B) access any service that can be provided
4-20 effectively through the Internet; and

4-21 (3) be cost-effective and developed through the
4-22 commission's planning processes.

4-23 SECTION 1.10. Section 571.069, Government Code, is amended
4-24 by amending Subsections (a) and (b) and adding Subsection (f) to
4-25 read as follows:

4-26 (a) The commission shall ~~may~~ review for facial compliance
4-27 randomly selected statements and reports ~~[a statement or report]~~
4-28 filed with the commission and may review any available documents.
4-29 The commission shall ~~may~~ return for resubmission with corrections
4-30 or additional documentation a statement or report that does not, in
4-31 the opinion of the commission, comply with the law requiring the
4-32 statement or report. A statement or report returned for
4-33 resubmission is considered to have been filed on the date the
4-34 statement or report was originally filed if:

4-35 (1) the statement or report is resubmitted to the
4-36 commission not later than the 10th business day after the date the
4-37 person filing the statement or report receives the returned
4-38 statement or report; and

4-39 (2) the resubmitted statement or report complies with
4-40 law.

4-41 (b) The commission may by an affirmative ~~[record]~~ vote of at
4-42 least six commission members initiate a preliminary review as
4-43 provided by Section 571.124 or perform a complete audit of a
4-44 statement or report:

4-45 (1) if, before the 31st day after the date the
4-46 statement or report was originally due, the executive director does
4-47 not obtain from the person information that permits the executive
4-48 director to determine that the statement or report complies with
4-49 law;

4-50 (2) if a statement or report returned for resubmission
4-51 is not resubmitted within the time prescribed by Subsection (a); or

4-52 (3) on an affirmative vote of at least six commission
4-53 members that a statement or report resubmitted under Subsection
4-54 (a), together with any corrections or additional documentation,
4-55 does not, in the opinion of the commission, comply with the law
4-56 requiring the statement or report ~~[only at an informal or formal~~
4-57 hearing].

4-58 (f) This section may not be construed as limiting or
4-59 affecting the commission's authority to, on the filing of a motion
4-60 or receipt of a sworn complaint, review or investigate the
4-61 sufficiency of a statement or report.

4-62 SECTION 1.11. Section 571.073, Government Code, is amended
4-63 to read as follows:

4-64 Sec. 571.073. REPORT. On or before December 31 of each
4-65 even-numbered year, the commission shall report to the governor and
4-66 legislature. The report must include:

4-67 (1) each advisory opinion issued by the commission
4-68 under Subchapter D in the preceding two years;

4-69 (2) a summary of commission activities in the

preceding two years, including:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) recommendations for any necessary statutory changes.

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

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

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

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

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

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

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

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

(2) serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative

6-1 dispute resolution; and
6-2 (3) collect data concerning the effectiveness of those
6-3 procedures, as implemented by the commission.

6-4 Sec. 571.079. POSTING INFORMATION RELATING TO UNPAID
6-5 PENALTIES ON WEBSITE. (a) Not later than the 15th day after the
6-6 date on which an application for a place on the general primary
6-7 election ballot or for nomination by convention is required to be
6-8 filed, the commission shall, except as provided by Subsection (b),
6-9 post on its Internet website:

6-10 (1) the name and address of each candidate for an
6-11 office specified by Section 252.005(1), Election Code, who has
6-12 failed to pay a civil penalty imposed by the commission for failure
6-13 to file with the commission a required report or statement under
6-14 Chapter 254, Election Code, or Chapter 572; and

6-15 (2) for each candidate listed under Subdivision (1),
6-16 the amount of the penalty imposed and the amount paid, if any.

6-17 (b) The commission may not post information under this
6-18 section that relates to a civil penalty while the penalty is the
6-19 subject of an administrative or judicial appeal by the candidate
6-20 against whom the penalty is imposed.

6-21 (c) The commission shall remove from the commission's
6-22 Internet website information posted under this section as soon as
6-23 practicable after the candidate pays the civil penalty in full.

6-24 SECTION 1.13. Section 571.121(a), Government Code, is
6-25 amended to read as follows:

6-26 (a) The commission may:

6-27 (1) hold hearings, on its own motion adopted by an
6-28 affirmative [~~record~~] vote of at least six commission members or on a
6-29 sworn complaint, and render decisions on complaints or reports of
6-30 violations as provided by this chapter; and

6-31 (2) agree to the settlement of issues.

6-32 SECTION 1.14. Subchapter E, Chapter 571, Government Code,
6-33 is amended by adding Sections 571.1211 and 571.1212 to read as
6-34 follows:

6-35 Sec. 571.1211. DEFINITIONS. In this subchapter:

6-36 (1) "Campaign communication" and "political
6-37 advertising" have the meanings assigned by Section 251.001,
6-38 Election Code.

6-39 (2) "Category One violation" means a violation of a
6-40 law within jurisdiction of the commission as to which it is
6-41 generally not difficult to ascertain whether the violation occurred
6-42 or did not occur, including:

6-43 (A) the failure by a person required to file a
6-44 statement or report to:

6-45 (i) file the required statement or report
6-46 in a manner that materially complies with applicable requirements;
6-47 or

6-48 (ii) timely file the required statement or
6-49 report;

6-50 (B) a violation of Section 255.001, Election
6-51 Code;

6-52 (C) a misrepresentation in political advertising
6-53 or a campaign communication relating to the office held by a person
6-54 in violation of Section 255.006, Election Code;

6-55 (D) a failure to include in any written political
6-56 advertising intended to be seen from a road the right-of-way notice
6-57 in violation of Section 255.007, Election Code; or

6-58 (E) a failure to timely respond to a written
6-59 notice under Section 571.123(b).

6-60 (3) "Category Two violation" means a violation of a
6-61 law within the jurisdiction of the commission that is not a Category
6-62 One violation.

6-63 Sec. 571.1212. CATEGORIZATION OF VIOLATIONS. An allegation
6-64 of a violation listed as a Category One violation shall be treated
6-65 as a Category Two violation if the executive director at any time
6-66 determines that:

6-67 (1) the allegation arises out of the same set of facts
6-68 as those that give rise to an allegation of a Category Two
6-69 violation, and the interests of justice or efficiency require

7-1 resolution of the allegations together; or
 7-2 (2) the facts and law related to a particular
 7-3 allegation or a defense to the allegation present a level of
 7-4 complexity that prevents resolution through the preliminary review
 7-5 procedures for Category One violations prescribed by Section
 7-6 571.1242(a).

7-7 SECTION 1.15. Section 571.122(a), Government Code, is
 7-8 amended to read as follows:

7-9 (a) An individual may file with the commission a sworn
 7-10 complaint, on a form prescribed by the commission, alleging that a
 7-11 person subject to a law administered and enforced by the commission
 7-12 has violated a rule adopted by or a law administered and enforced by
 7-13 the commission. The commission shall make the complaint form
 7-14 available on the Internet.

7-15 SECTION 1.16. Section 571.123(b), Government Code, is
 7-16 amended to read as follows:

7-17 (b) Not later than the fifth [~~14th~~] business day after the
 7-18 date a complaint is filed, the commission shall send written notice
 7-19 to the complainant and the respondent. The notice must state
 7-20 whether the complaint complies with the form requirements of
 7-21 Section 571.122.

7-22 SECTION 1.17. Sections 571.124(a)-(c), (e), and (f),
 7-23 Government Code, are amended to read as follows:

7-24 (a) The commission staff [~~promptly~~] shall promptly conduct
 7-25 a preliminary review on receipt of a written complaint that is in
 7-26 compliance with the form requirements of Section 571.122.

7-27 (b) On a motion adopted by an affirmative [~~record~~] vote of
 7-28 at least six commission members, the commission, without a sworn
 7-29 complaint, may initiate a preliminary review of the matter that is
 7-30 the subject of the motion.

7-31 (c) The executive director [~~commission by record vote~~]
 7-32 shall determine in writing whether the commission has jurisdiction
 7-33 over the violation of law alleged in a sworn complaint processed
 7-34 under Section 571.123.

7-35 (e) If the executive director [~~commission~~] determines that
 7-36 the commission has jurisdiction, the notice under Section
 7-37 571.123(b) must include:

7-38 (1) a statement that the commission has jurisdiction
 7-39 over the violation of law alleged in the complaint;

7-40 (2) a statement of whether the complaint will be
 7-41 processed as a Category One violation or a Category Two violation,
 7-42 subject to reconsideration as provided for by Section 571.1212;

7-43 (3) the date by which the respondent is required to
 7-44 respond to the notice;

7-45 (4) a copy of the complaint and the rules of procedure
 7-46 of the commission;

7-47 (5) [~~2~~] a statement of the rights of the respondent;
 7-48 (6) [~~3~~] a statement inviting the respondent to
 7-49 provide to the commission any information relevant to the
 7-50 complaint; and

7-51 (7) a statement that a failure to timely respond to the
 7-52 notice will be treated as a separate violation [~~4~~] the date the
 7-53 commission will begin a preliminary review of the complaint].

7-54 (f) If the executive director [~~commission~~] determines that
 7-55 the commission does not have jurisdiction over the violation
 7-56 alleged in the complaint, the executive director [~~commission~~]
 7-57 shall:

7-58 (1) dismiss the complaint; and

7-59 (2) not later than the fifth business day after the
 7-60 date of the dismissal, send to the complainant and the respondent
 7-61 written notice of the dismissal and the grounds for the dismissal.

7-62 SECTION 1.18. Subchapter E, Chapter 571, Government Code,
 7-63 is amended by adding Sections 571.1241-571.1244 to read as follows:

7-64 Sec. 571.1241. REVIEW OF EXECUTIVE DIRECTOR'S
 7-65 DETERMINATION OF NO JURISDICTION. (a) If the executive director
 7-66 determines that the commission does not have jurisdiction over the
 7-67 violation alleged in the complaint, the complainant may request
 7-68 that the commission review the determination. A request for review
 7-69 under this section must be filed not later than the 30th day after

8-1 the date the complainant receives the executive director's
8-2 determination.

8-3 (b) The commission may reverse the executive director's
8-4 determination only on the affirmative vote of at least six members.

8-5 (c) Not later than the fifth business day after the date of
8-6 the commission's determination under this section, the commission
8-7 shall send written notice to the complainant and the respondent
8-8 stating whether the commission has jurisdiction over the violation
8-9 alleged in the complaint. If the commission determines that the
8-10 commission has jurisdiction, the notice must include the items
8-11 listed in Section 571.124(e).

8-12 Sec. 571.1242. PRELIMINARY REVIEW: RESPONSE BY RESPONDENT.

8-13 (a) If the alleged violation is a Category One violation:

8-14 (1) the respondent must respond to the notice required
8-15 by Section 571.123(b) not later than the 10th business day after the
8-16 date the respondent receives the notice; and

8-17 (2) if the matter is not resolved by agreement between
8-18 the commission and the respondent before the 30th business day
8-19 after the date the respondent receives the notice under Section
8-20 571.123(b), the commission shall set the matter for a preliminary
8-21 review hearing to be held at the next commission meeting for which
8-22 notice has not yet been posted.

8-23 (b) If the alleged violation is a Category Two violation:

8-24 (1) the respondent must respond to the notice required
8-25 by Section 571.123(b) not later than the 25th business day after the
8-26 date the respondent receives the notice under Section 571.123(b);
8-27 and

8-28 (2) if the matter is not resolved by agreement between
8-29 the commission and the respondent before the 75th business day
8-30 after the date the respondent receives the notice under Section
8-31 571.123(b), the commission shall set the matter for a preliminary
8-32 review hearing to be held at the next commission meeting for which
8-33 notice has not yet been posted.

8-34 (c) A respondent's failure to timely respond as required by
8-35 Subsection (a)(1) or (b)(1) is a Category One violation.

8-36 (d) The response required by Subsection (a) or (b) must
8-37 include any challenge the respondent seeks to raise to the
8-38 commission's exercise of jurisdiction. In addition, the respondent
8-39 may:

8-40 (1) acknowledge the occurrence or commission of a
8-41 violation;

8-42 (2) deny the allegations contained in the complaint
8-43 and provide evidence supporting the denial; or

8-44 (3) agree to enter into an assurance of voluntary
8-45 compliance or other agreed order, which may include an agreement to
8-46 immediately cease and desist.

8-47 (e) If the commission sets the matter for a preliminary
8-48 review hearing, the commission shall promptly send to the
8-49 complainant and the respondent written notice of the date, time,
8-50 and place of the preliminary review hearing.

8-51 Sec. 571.1243. PRELIMINARY REVIEW: WRITTEN QUESTIONS.
8-52 During a preliminary review, the commission staff may submit to the
8-53 complainant or respondent written questions reasonably intended to
8-54 lead to the discovery of matters relevant to the investigation.

8-55 Sec. 571.1244. PRELIMINARY REVIEW AND PRELIMINARY REVIEW
8-56 PROCEDURES. The commission shall adopt procedures for the conduct
8-57 of preliminary reviews and preliminary review hearings. The
8-58 procedures must include:

8-59 (1) a reasonable time for responding to questions
8-60 submitted by the commission and commission staff and subpoenas
8-61 issued by the commission; and

8-62 (2) the tolling or extension of otherwise applicable
8-63 deadlines where:

8-64 (A) the commission issues a subpoena and the
8-65 commission's meeting schedule makes it impossible to both provide a
8-66 reasonable time for response and to comply with the otherwise
8-67 applicable deadlines; or

8-68 (B) the commission determines that, despite
8-69 commission staff's diligence and the reasonable cooperation of the

respondent, a matter is too complex to resolve within the otherwise applicable deadlines without compromising either the commission staff's investigation or the rights of the respondent.

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

Sec. 571.125. PRELIMINARY REVIEW HEARING: PROCEDURE. (a) The commission shall conduct a preliminary review hearing if:

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

(2) the respondent in writing requests a hearing.

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

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

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

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

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

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

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

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

Sec. 571.126. PRELIMINARY REVIEW HEARING: RESOLUTION.

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

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

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

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

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

(1) order a formal [~~an informal~~] hearing to be held in accordance with Sections 571.129 through 571.132 [~~Section 571.127~~]; and

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

(A) a copy of the decision;

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

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

- 10-1 (D) a description of the evidence of the alleged
- 10-2 violation;
- 10-3 (E) a copy of the complaint or motion;
- 10-4 (F) a copy of the commission's rules of
- 10-5 procedure; and
- 10-6 (G) a statement of the rights of the respondent.

10-7 (d) If the commission determines that there is insufficient
 10-8 credible evidence for the commission to determine that a violation
 10-9 within the jurisdiction of the commission has occurred, the
 10-10 commission may dismiss the complaint or motion or promptly conduct
 10-11 a formal [~~an informal~~] hearing under Sections 571.129 through
 10-12 571.132 [~~Section 571.127~~]. Not later than the fifth business day
 10-13 after the date of the commission's determination under this
 10-14 subsection, the commission shall send to the complainant, if any,
 10-15 and the respondent a copy of the decision stating the commission's
 10-16 determination and written notice of the grounds for the
 10-17 determination.

10-18 SECTION 1.22. Sections 571.132(a) and (b), Government Code,
 10-19 are amended to read as follows:

10-20 (a) Not later than the 30th business day after the date the
 10-21 State Office of Administrative Hearings issues a proposal for
 10-22 decision [~~formal hearing is completed~~], the commission shall
 10-23 convene a meeting and by motion shall issue:

- 10-24 (1) a final decision stating the resolution of the
- 10-25 formal hearing; and
- 10-26 (2) a written report stating in detail the
- 10-27 commission's findings of fact, conclusions of law, and
- 10-28 recommendation of criminal referral or imposition of a civil
- 10-29 penalty, if any.

10-30 (b) The motion must be adopted by a [~~record~~] vote of at least
 10-31 six members if the final decision is that a violation has occurred
 10-32 or by five members if the final decision is that a violation has not
 10-33 occurred.

10-34 SECTION 1.23. Subchapter E, Chapter 571, Government Code,
 10-35 is amended by amending Sections 571.135 and 571.136 and adding
 10-36 Section 571.1351 to read as follows:

10-37 Sec. 571.135. PUBLIC INTEREST INFORMATION[~~, STATUS OF~~
 10-38 ~~COMPLAINT~~]. (a) The commission shall develop plain-language
 10-39 materials as described by this section [~~prepare information of~~
 10-40 ~~public interest describing the functions of the commission and the~~
 10-41 ~~procedures by which sworn or other complaints are filed with and~~
 10-42 ~~resolved by the commission~~]. The commission shall distribute the
 10-43 materials [~~make the information available~~] to the public and
 10-44 appropriate state agencies.

- 10-45 (b) The materials must include:
- 10-46 (1) a description of:
- 10-47 (A) the commission's responsibilities;
- 10-48 (B) the types of conduct that constitute a
- 10-49 violation of a law within the jurisdiction of the commission;
- 10-50 (C) the types of sanctions the commission may
- 10-51 impose;
- 10-52 (D) the commission's policies and procedures
- 10-53 relating to complaint investigation and resolution; and
- 10-54 (E) the duties of a person filing a complaint
- 10-55 with the commission; and
- 10-56 (2) a diagram showing the basic steps in the
- 10-57 commission's procedures relating to complaint investigation and
- 10-58 resolution.

10-59 (c) The commission shall provide the materials described by
 10-60 this section to each complainant and respondent.

10-61 (d) The commission shall adopt a policy to effectively
 10-62 distribute materials as required by this section.

10-63 Sec. 571.1351. STATUS OF COMPLAINT. (a) [~~(b)~~] The
 10-64 commission shall keep an information file about each sworn or other
 10-65 complaint filed with the commission. The file must include:

- 10-66 (1) the name of the person who filed the complaint;
- 10-67 (2) the date the complaint is received by the
- 10-68 commission;
- 10-69 (3) the subject matter of the complaint;

11-1 (4) the name of each person contacted in relation to
 11-2 the complaint;

11-3 (5) a summary of the results of the review or
 11-4 investigation of the complaint; and

11-5 (6) an explanation of the reason the file was closed,
 11-6 if the commission closed the file without taking action other than
 11-7 to investigate the complaint.

11-8 (b) The commission shall provide to the person filing the
 11-9 complaint and to each person who is a subject of the complaint a
 11-10 copy of the commission's policies and procedures relating to
 11-11 complaint investigation and resolution.

11-12 (c) In addition to the notice required by Sections 571.123
 11-13 [571.124] through 571.132, the commission, at least quarterly [and]
 11-14 until final disposition of a complaint, shall notify the person who
 11-15 filed the complaint [complainant] and each person who is a subject
 11-16 of the complaint [the respondent], if any, of the status of the
 11-17 sworn or other complaint.

11-18 Sec. 571.136. EXTENSION OF DEADLINE. The commission may,
 11-19 on its own motion or on the reasonable request of a respondent,
 11-20 extend any deadline for action relating to a sworn complaint,
 11-21 motion, preliminary review[~~, informal~~] hearing, or formal hearing.

11-22 SECTION 1.24. Section 571.137, Government Code, is amended
 11-23 by amending Subsections (a) and (e) and adding Subsections
 11-24 (a-1)-(a-3) to read as follows:

11-25 (a) In connection with [an informal or] a formal hearing,
 11-26 the commission, as authorized by this chapter, may subpoena and
 11-27 examine witnesses and documents that directly relate to a sworn
 11-28 complaint.

11-29 (a-1) In connection with a preliminary review, the
 11-30 commission, for good cause and as authorized by this chapter, may
 11-31 subpoena documents and witnesses on application by the commission
 11-32 staff and a motion adopted by a vote of at least six members of the
 11-33 commission, for the purpose of attempting to obtain from the
 11-34 documents or witnesses specifically identified information, if the
 11-35 commission reasonably believes that the specifically identified
 11-36 information:

11-37 (1) is likely to be determinative as to whether the
 11-38 subject of an investigation has violated a law within the
 11-39 jurisdiction of the commission;

11-40 (2) can be determined from the documents or is known by
 11-41 the witnesses; and

11-42 (3) is not reasonably available through a less
 11-43 intrusive means.

11-44 (a-2) The commission shall adopt procedures for the
 11-45 issuance of subpoenas under this section.

11-46 (a-3) A copy of a subpoena issued under this section [of the
 11-47 commission] must be delivered to the respondent.

11-48 (e) A subpoenaed witness who attends a commission hearing is
 11-49 entitled to the same mileage and per diem payments as a witness who
 11-50 appears before a grand jury. A person who provides subpoenaed
 11-51 documents to the commission is entitled to reimbursement from the
 11-52 commission for the person's reasonable cost of producing the
 11-53 documents.

11-54 SECTION 1.25. Section 571.138, Government Code, is amended
 11-55 to read as follows:

11-56 Sec. 571.138. STATUS OF COMPLAINANT. The complainant is
 11-57 not a party to a preliminary review, preliminary review[~~, informal~~]
 11-58 hearing, or formal hearing under this subchapter.

11-59 SECTION 1.26. Sections 571.139(a) and (b), Government Code,
 11-60 are amended to read as follows:

11-61 (a) Except as provided by Section 571.140(b), Chapter 552
 11-62 does not apply to documents or any additional evidence relating to
 11-63 the processing, preliminary review, preliminary review[~~, informal~~]
 11-64 hearing, or resolution of a sworn complaint or motion.

11-65 (b) Chapter 551 does not apply to the processing,
 11-66 preliminary review, preliminary review[~~, informal~~] hearing, or
 11-67 resolution of a sworn complaint or motion, but does apply to a
 11-68 formal hearing held under Sections 571.129 through 571.131.

11-69 SECTION 1.27. Section 571.140, Government Code, is amended

12-1 by amending Subsections (a)-(c) and adding Subsections (b-1), (e),
12-2 and (f) to read as follows:

12-3 (a) Except as provided by Subsection (b) or (b-1) or by
12-4 Section 571.171, proceedings at a preliminary review [~~or informal~~]
12-5 hearing performed by the commission, a sworn complaint, and
12-6 documents and any additional evidence relating to the processing,
12-7 preliminary review, preliminary review[~~, informal~~] hearing, or
12-8 resolution of a sworn complaint or motion are confidential and may
12-9 not be disclosed unless entered into the record of a formal hearing
12-10 or a judicial proceeding, except that a document or statement that
12-11 was previously public information remains public information.

12-12 (b) An order issued by the commission after the completion
12-13 of a preliminary review or [~~an informal~~] hearing determining that a
12-14 violation other than a technical or de minimis violation has
12-15 occurred is not confidential.

12-16 (b-1) A commission employee may, for the purpose of
12-17 investigating a sworn complaint or motion, disclose to the
12-18 complainant, the respondent, or a witness information that is
12-19 otherwise confidential and relates to the sworn complaint if:

12-20 (1) the employee makes a good faith determination that
12-21 the disclosure is necessary to conduct the investigation;

12-22 (2) the employee's determination under Subdivision (1)
12-23 is objectively reasonable;

12-24 (3) the executive director authorizes the disclosure;
12-25 and

12-26 (4) the employee discloses only the information
12-27 necessary to conduct the investigation.

12-28 (c) A person commits an offense if the person discloses
12-29 information made confidential by this section. An offense under
12-30 this subsection is a Class C [A] misdemeanor.

12-31 (e) The commission shall terminate the employment of a
12-32 commission employee who violates Subsection (a).

12-33 (f) A commission employee who discloses confidential
12-34 information in compliance with Subsection (b-1) is not subject to
12-35 Subsections (c), (d), and (e).

12-36 SECTION 1.28. Subchapter E, Chapter 571, Government Code,
12-37 is amended by adding Section 571.141 to read as follows:

12-38 Sec. 571.141. AVAILABILITY OF COMMISSION ORDERS ON
12-39 INTERNET. (a) As soon as practicable following a preliminary
12-40 review, preliminary review hearing, or formal hearing at which the
12-41 commission determines that a person has committed a violation
12-42 within the commission's jurisdiction, the commission shall make
12-43 available on the Internet:

12-44 (1) a copy of the commission's order stating the
12-45 determination; or

12-46 (2) a summary of the commission's order.

12-47 (b) This section does not apply to a determination of a
12-48 violation that is technical or de minimis.

12-49 SECTION 1.29. Section 571.171, Government Code, is amended
12-50 to read as follows:

12-51 Sec. 571.171. INITIATION AND REFERRAL. (a) On a motion
12-52 adopted by an affirmative [~~record~~] vote of at least six commission
12-53 members, the commission may initiate civil enforcement actions and
12-54 refer matters to the appropriate prosecuting attorney for criminal
12-55 prosecution.

12-56 (b) On receipt of a sworn complaint, if the executive
12-57 director reasonably believes that the person who is the subject of
12-58 the complaint has violated Chapter 36 or 39, Penal Code, the
12-59 executive director may refer the matter to the appropriate
12-60 prosecuting attorney for criminal prosecution.

12-61 (c) In making a referral to a prosecuting attorney under
12-62 this section, the commission or executive director may disclose
12-63 confidential information.

12-64 SECTION 1.30. Subchapter F, Chapter 571, Government Code,
12-65 is amended by adding Section 571.1731 to read as follows:

12-66 Sec. 571.1731. WAIVER OR REDUCTION OF LATE FILING PENALTY.

12-67 (a) A person may request the waiver or reduction of a civil penalty
12-68 under Section 305.033(b) or 572.033(b) of this code or Section
12-69 254.042(b), Election Code, by submitting an affidavit to the

13-1 executive director that states the filer's reasons for requesting a
 13-2 waiver or reduction.

13-3 (b) The commission may waive or reduce a civil penalty if
 13-4 the commission finds that a waiver or reduction is in the public
 13-5 interest and in the interest of justice. The commission shall
 13-6 consider the following before acting to waive or reduce a civil
 13-7 penalty:

13-8 (1) the facts and circumstances supporting the
 13-9 person's request for a waiver or reduction;

13-10 (2) the seriousness of the violation, including the
 13-11 nature, circumstances, consequences, extent, and gravity of the
 13-12 violation, and the amount of the penalty;

13-13 (3) any history of previous violations by the person;

13-14 (4) the demonstrated good faith of the person,
 13-15 including actions taken to rectify the consequences of the
 13-16 violation;

13-17 (5) the penalty necessary to deter future violations;
 13-18 and

13-19 (6) any other matter that justice may require.

13-20 (c) After hearing the waiver request, the commission may
 13-21 affirm, reduce, or waive the civil penalty.

13-22 SECTION 1.31. Sections 571.124(d), 571.127, and 571.128,
 13-23 Government Code, are repealed.

13-24 SECTION 1.32. Sections 571.0231 and 571.0271, Government
 13-25 Code, as added by this Act, do not affect the entitlement of a
 13-26 member of the Texas Ethics Commission serving on the commission
 13-27 immediately before September 1, 2003, to continue to serve and
 13-28 function as a member of the commission for the remainder of the
 13-29 member's term. Sections 571.0231 and 571.0271, Government Code, as
 13-30 added by this Act, apply only to a member appointed on or after
 13-31 September 1, 2003.

13-32 SECTION 1.33. The changes in law made to Chapter 571,
 13-33 Government Code, as amended by this Act, do not affect the authority
 13-34 of the Texas Ethics Commission regarding a statement, report, or
 13-35 registration filed before September 1, 2003. A statement, report,
 13-36 or registration filed before September 1, 2003, is governed by the
 13-37 law in effect immediately before that date, and the former law is
 13-38 continued in effect for that purpose.

13-39 ARTICLE 2. CAMPAIGN FINANCE AND POLITICAL ADVERTISING

13-40 SECTION 2.01. Section 251.001(16), Election Code, is
 13-41 amended to read as follows:

13-42 (16) "Political advertising" means a communication
 13-43 supporting or opposing a candidate for nomination or election to a
 13-44 public office or office of a political party, a political party, a
 13-45 public officer, or a measure that:

13-46 (A) in return for consideration, is published in
 13-47 a newspaper, magazine, or other periodical or is broadcast by radio
 13-48 or television or by other means of electronic transmission; or

13-49 (B) appears in a pamphlet, circular, flier,
 13-50 billboard or other sign, bumper sticker, or similar form of written
 13-51 communication.

13-52 SECTION 2.02. Section 251.005, Election Code, is amended by
 13-53 amending Subsection (a) and adding Subsection (d) to read as
 13-54 follows:

13-55 (a) An out-of-state political committee is not subject to
 13-56 Chapter 252 or 254, except as provided by Subsection (b), ~~(c)~~, or
 13-57 (d).

13-58 (d) An out-of-state political committee that does not file a
 13-59 campaign treasurer appointment shall comply with Section 254.1581.

13-60 SECTION 2.03. Chapter 252, Election Code, is amended by
 13-61 adding Section 252.0011 to read as follows:

13-62 Sec. 252.0011. INELIGIBILITY FOR APPOINTMENT AS CAMPAIGN
 13-63 TREASURER. (a) Except as provided by Subsection (b) or (c), a
 13-64 person is ineligible for appointment as a campaign treasurer if the
 13-65 person is the campaign treasurer of a political committee that does
 13-66 not file a report required by Chapter 254.

13-67 (b) The period for which a person is ineligible under
 13-68 Subsection (a) for appointment as a campaign treasurer ends on the
 13-69 date on which the political committee in connection with which the

14-1 person's ineligibility arose has filed each report required by
 14-2 Chapter 254 that was not timely filed or has paid all fines and
 14-3 penalties in connection with the failure to file the report.

14-4 (c) Subsection (a) does not apply to a person if, in any
 14-5 semiannual reporting period prescribed by Chapter 254:

14-6 (1) the political committee in connection with which
 14-7 the person's ineligibility arose did not accept political
 14-8 contributions that in the aggregate exceed \$5,000 or make political
 14-9 expenditures that in the aggregate exceed \$5,000; and

14-10 (2) the candidate who or political committee that
 14-11 subsequently appoints the person does not accept political
 14-12 contributions that in the aggregate exceed \$5,000 or make political
 14-13 expenditures that in the aggregate exceed \$5,000.

14-14 (d) Subsection (c) applies to a person who is the campaign
 14-15 treasurer of a general-purpose committee regardless of whether the
 14-16 committee files monthly reports under Section 254.155. For
 14-17 purposes of this subsection, political contributions accepted and
 14-18 political expenditures made during a monthly reporting period are
 14-19 aggregated with political contributions accepted and political
 14-20 expenditures made in each other monthly reporting period that
 14-21 corresponds to the semiannual reporting period that contains those
 14-22 months.

14-23 (e) A candidate or political committee is considered to have
 14-24 not appointed a campaign treasurer if the candidate or committee
 14-25 appoints a person as campaign treasurer whose appointment is
 14-26 prohibited by Subsection (a).

14-27 (f) A person who violates this section is liable for a civil
 14-28 penalty not to exceed three times the amount of political
 14-29 contributions accepted or political expenditures made in violation
 14-30 of this section.

14-31 SECTION 2.04. Chapter 252, Election Code, is amended by
 14-32 adding Section 252.0131 to read as follows:

14-33 Sec. 252.0131. TERMINATION OF CAMPAIGN TREASURER
 14-34 APPOINTMENT BY COMMISSION. (a) The commission by rule shall adopt
 14-35 a process by which the commission may terminate the campaign
 14-36 treasurer appointment of an inactive candidate or political
 14-37 committee that:

14-38 (1) is required to file a campaign treasurer
 14-39 appointment with the commission;

14-40 (2) has never filed or has ceased to file reports under
 14-41 Chapter 254;

14-42 (3) in the case of a candidate, has not been elected to
 14-43 an office specified by Section 252.005(1) or (5); and

14-44 (4) has not filed:

14-45 (A) a final report under Section 254.065 or
 14-46 254.125; or

14-47 (B) a dissolution report under Section 254.126 or
 14-48 254.159.

14-49 (b) Before the commission may terminate a campaign
 14-50 treasurer appointment, the commission must consider the proposed
 14-51 termination in a regularly scheduled open meeting.

14-52 (c) Rules adopted under this section must:

14-53 (1) define "inactive candidate or political
 14-54 committee" for purposes of terminating the candidate's or
 14-55 committee's campaign treasurer appointment; and

14-56 (2) require written notice to the affected candidate
 14-57 or committee of:

14-58 (A) the proposed termination of the candidate's
 14-59 or committee's campaign treasurer appointment;

14-60 (B) the date, time, and place of the meeting at
 14-61 which the commission will consider the proposed termination; and

14-62 (C) the effect of termination of the candidate's
 14-63 or committee's campaign treasurer appointment.

14-64 (d) The termination of a campaign treasurer appointment
 14-65 under this section takes effect on the 30th day after the date of
 14-66 the commission meeting at which the commission votes to terminate
 14-67 the appointment. Following that meeting, the commission shall
 14-68 promptly notify the affected candidate or political committee that
 14-69 the appointment has been terminated. The notice must state the

15-1 effective date of the termination.

15-2 SECTION 2.05. The heading to Section 253.034, Election
15-3 Code, is amended to read as follows:

15-4 Sec. 253.034. RESTRICTIONS ON CONTRIBUTIONS DURING AND
15-5 FOLLOWING REGULAR LEGISLATIVE SESSION.

15-6 SECTION 2.06. Section 253.034(a), Election Code, is amended
15-7 to read as follows:

15-8 (a) During the period beginning on the 30th day before the
15-9 date a regular legislative session convenes and continuing through
15-10 the 20th day after the date of final adjournment, a person may not
15-11 knowingly make a political contribution to:

15-12 (1) a statewide officeholder;

15-13 (2) a member of the legislature; or

15-14 (3) a specific-purpose committee for supporting,
15-15 opposing, or assisting a statewide officeholder or member of the
15-16 legislature.

15-17 SECTION 2.07. The heading to Section 253.0341, Election
15-18 Code, is amended to read as follows:

15-19 Sec. 253.0341. RESTRICTIONS ON CONTRIBUTIONS TO
15-20 LEGISLATIVE CAUCUSES DURING AND FOLLOWING REGULAR LEGISLATIVE
15-21 SESSION.

15-22 SECTION 2.08. Section 253.0341(a), Election Code, is
15-23 amended to read as follows:

15-24 (a) During the period beginning on the 30th day before the
15-25 date a regular legislative session convenes and continuing through
15-26 the 20th day after the date of final adjournment, a person not a
15-27 member of the caucus may not knowingly make a contribution to a
15-28 legislative caucus.

15-29 SECTION 2.09. Subchapter B, Chapter 253, Election Code, is
15-30 amended by adding Sections 253.040 and 253.043 to read as follows:

15-31 Sec. 253.040. SEPARATE ACCOUNTS. (a) Each candidate or
15-32 officeholder shall keep the person's campaign and officeholder
15-33 contributions in one or more accounts that are separate from any
15-34 other account maintained by the person.

15-35 (b) A person who violates this section commits an offense.
15-36 An offense under this section is a Class B misdemeanor.

15-37 Sec. 253.043. POLITICAL CONTRIBUTIONS USED IN CONNECTION
15-38 WITH APPOINTIVE OFFICE. A former candidate or former officeholder
15-39 who lawfully accepts political contributions may use those
15-40 contributions to make an expenditure to defray expenses incurred by
15-41 the person in performing a duty or engaging in an activity in
15-42 connection with an appointive office of a state board or
15-43 commission.

15-44 SECTION 2.10. Section 254.031, Election Code, is amended by
15-45 amending Subsection (a) and adding Subsections (c) and (d) to read
15-46 as follows:

15-47 (a) Except as otherwise provided by this chapter, each
15-48 report filed under this chapter must include:

15-49 (1) the amount of political contributions from each
15-50 person that in the aggregate exceed \$50 and that are accepted during
15-51 the reporting period by the person or committee required to file a
15-52 report under this chapter, the full name and address of the person
15-53 making the contributions, and the dates of the contributions;

15-54 (2) the amount of loans that are made during the
15-55 reporting period for campaign or officeholder purposes to the
15-56 person or committee required to file the report and that in the
15-57 aggregate exceed \$50, the dates the loans are made, the interest
15-58 rate, the maturity date, the type of collateral for the loans, if
15-59 any, the full name and address of the person or financial
15-60 institution making the loans, the full name and address, principal
15-61 occupation, and name of the employer of each guarantor of the loans,
15-62 the amount of the loans guaranteed by each guarantor, and the
15-63 aggregate principal amount of all outstanding loans as of the last
15-64 day of the reporting period;

15-65 (3) the amount of political expenditures that in the
15-66 aggregate exceed \$50 and that are made during the reporting period,
15-67 the full name and address of the persons to whom the expenditures
15-68 are made, and the dates and purposes of the expenditures;

15-69 (4) the amount of each payment made during the

16-1 reporting period from a political contribution if the payment is
 16-2 not a political expenditure, the full name and address of the person
 16-3 to whom the payment is made, and the date and purpose of the
 16-4 payment;

16-5 (5) the total amount or a specific listing of the
 16-6 political contributions of \$50 or less accepted and the total
 16-7 amount or a specific listing of the political expenditures of \$50 or
 16-8 less made during the reporting period;

16-9 (6) the total amount of all political contributions
 16-10 accepted and the total amount of all political expenditures made
 16-11 during the reporting period; ~~and~~

16-12 (7) the name of each candidate or officeholder who
 16-13 benefits from a direct campaign expenditure made during the
 16-14 reporting period by the person or committee required to file the
 16-15 report, and the office sought or held, excluding a direct campaign
 16-16 expenditure that is made by the principal political committee of a
 16-17 political party on behalf of a slate of two or more nominees of that
 16-18 party; and

16-19 (8) as of the last day of the reporting period, the
 16-20 total amount of political contributions accepted on or after
 16-21 September 1, 2003, including interest or other income on those
 16-22 contributions, maintained in one or more accounts in which
 16-23 political contributions are deposited.

16-24 (c) For purposes of the first report a candidate,
 16-25 officeholder, or political committee files under this chapter after
 16-26 September 1, 2003, the total amount of political contributions
 16-27 accepted on or after September 1, 2003, including interest or other
 16-28 income on those contributions, maintained in one or more accounts
 16-29 as of the last day of the reporting period is computed by:

16-30 (1) determining the total amount of political
 16-31 contributions accepted by the person during the period beginning on
 16-32 September 1, 2003, and ending on the last day of the reporting
 16-33 period for which the report is filed;

16-34 (2) subtracting from the amount determined under
 16-35 Subdivision (1) the amount by which the political expenditures and
 16-36 other expenditures made by the person from political contributions
 16-37 during the period described by Subdivision (1) exceed the sum of the
 16-38 amount of unexpended political contributions held by the person on
 16-39 August 31, 2003, and any interest or other income earned on those
 16-40 contributions as of that date; and

16-41 (3) adding a portion of any interest or other income
 16-42 earned on political contributions held by the person during the
 16-43 period described by Subdivision (1), in the same proportion that,
 16-44 on the last day of the reporting period, the amount of unexpended
 16-45 political contributions accepted on or after September 1, 2003, by
 16-46 the person bears to the total amount of unexpended political
 16-47 contributions accepted by the person.

16-48 (d) Subsection (c) and this subsection expire January 1,
 16-49 2008.

16-50 SECTION 2.11. Subchapter B, Chapter 254, Election Code, is
 16-51 amended by adding Section 254.0312 to read as follows:

16-52 Sec. 254.0312. BEST EFFORTS. (a) A person required to file
 16-53 a report under this chapter is considered to be in compliance with
 16-54 Section 254.0612, 254.0912, or 254.1212 only if the person or the
 16-55 person's campaign treasurer shows that the person has used best
 16-56 efforts to obtain, maintain, and report the information required by
 16-57 those sections. A person is considered to have used best efforts to
 16-58 obtain, maintain, and report that information if the person or the
 16-59 person's campaign treasurer complies with this section.

16-60 (b) Each written solicitation for political contributions
 16-61 from an individual must include:

16-62 (1) a clear request for the individual's full name and
 16-63 address, the individual's principal occupation or job title, and
 16-64 the full name of the individual's employer; and

16-65 (2) an accurate statement of state law regarding the
 16-66 collection and reporting of individual contributor information,
 16-67 such as:

16-68 (A) "State law requires (certain candidates,
 16-69 officeholders, or political committees, as applicable) to use best

17-1 efforts to collect and report the full name and address, principal
 17-2 occupation or job title, and full name of employer of individuals
 17-3 whose contributions equal or exceed \$500 in a reporting period.";
 17-4 or

17-5 (B) "To comply with state law, (certain
 17-6 candidates, officeholders, or political committees, as applicable)
 17-7 must use best efforts to obtain, maintain, and report the full name
 17-8 and address, principal occupation or job title, and full name of
 17-9 employer of individuals whose contributions equal or exceed \$500 in
 17-10 a reporting period."

17-11 (c) For each political contribution received from an
 17-12 individual that, when aggregated with all other political
 17-13 contributions received from the individual during the reporting
 17-14 period, equals or exceeds \$500 and for which the information
 17-15 required by Section 254.0612, 254.0912, or 254.1212 is not
 17-16 provided, the person must make at least one oral or written request
 17-17 for the missing information. A request under this subsection:

17-18 (1) must be made not later than the 30th day after the
 17-19 date the contribution is received;

17-20 (2) must include a clear and conspicuous statement
 17-21 that complies with Subsection (b);

17-22 (3) if made orally, must be documented in writing; and

17-23 (4) may not be made in conjunction with a solicitation
 17-24 for an additional political contribution.

17-25 (d) A person must report any information required by Section
 17-26 254.0612, 254.0912, or 254.1212 that is not provided by the
 17-27 individual making the political contribution and that the person
 17-28 has in the person's records of political contributions or previous
 17-29 reports under this chapter.

17-30 (e) A person who receives information required by Section
 17-31 254.0612, 254.0912, or 254.1212 after the filing deadline for the
 17-32 report on which the contribution is reported must include the
 17-33 missing information on the next report the person is required to
 17-34 file under this chapter.

17-35 SECTION 2.12. Section 254.035, Election Code, is amended by
 17-36 adding Subsections (c) and (d) to read as follows:

17-37 (c) The amount of a political expenditure made by credit
 17-38 card is readily determinable by the person making the expenditure
 17-39 on the date the person receives the credit card statement that
 17-40 includes the expenditure.

17-41 (d) Subsection (c) does not apply to a political expenditure
 17-42 made by credit card during the period covered by a report required
 17-43 to be filed under Section 254.064(b) or (c), 254.124(b) or (c), or
 17-44 254.154(b) or (c).

17-45 SECTION 2.13. Section 254.036(b), Election Code, is amended
 17-46 to read as follows:

17-47 (b) Except as provided by Subsection [~~(c), (d),~~] (e) or [~~7~~]
 17-48 (f), [~~or (g),~~] each report filed under this chapter with the
 17-49 commission must be filed by computer diskette, modem, or other
 17-50 means of electronic transfer, using computer software provided by
 17-51 the commission or computer software that meets commission
 17-52 specifications for a standard file format.

17-53 SECTION 2.14. Sections 254.038(a) and (c), Election Code,
 17-54 are amended to read as follows:

17-55 (a) In addition to other reports required by this chapter,
 17-56 the following persons shall file additional reports during the
 17-57 period beginning the ninth day before election day and ending at 12
 17-58 noon on the [~~second~~] day before election day:

17-59 (1) a candidate for an [~~statewide~~] office specified by
 17-60 Section 252.005(1) who [~~has an opponent whose name is to appear on~~
 17-61 ~~the ballot and who~~] accepts political contributions from a person
 17-62 that in the aggregate exceed \$1,000 during that reporting period;
 17-63 and

17-64 (2) [~~a candidate for state senator who has an opponent~~
 17-65 ~~whose name is to appear on the ballot and who accepts political~~
 17-66 ~~contributions from a person that in the aggregate exceed \$1,000~~
 17-67 ~~during that reporting period;~~

17-68 [~~(3) a candidate for state representative who has an~~
 17-69 ~~opponent whose name is to appear on the ballot and who accepts~~

~~political contributions from a person that in the aggregate exceed \$200 during that reporting period;~~

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

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

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

(c) A report under this section shall be filed electronically, by telegram or telephonic facsimile machine, or by hand with the commission not later than 5 p.m. of the first business day [48 hours] after the date the contribution is accepted.

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

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

SECTION 2.16. Section 254.042, Election Code, is amended by amending Subsection (b) and adding Subsection (b-1) to read as follows:

(b) If a report other than a report under Section 254.064(c), 254.124(c), or 254.154(c) or the first report under Section 254.063 or 254.123 that is required to be filed following the primary or general election is determined to be late, the person required to file the report is ~~[civilly]~~ liable to the state for a civil penalty of \$1,000 ~~[an amount determined by commission rule, but not to exceed \$100 for each day that the report is late]~~. If a report under Section 254.064(c), 254.124(c), or 254.154(c) or the first report under Section 254.063 or 254.153 that is required to be filed following the primary or general election is determined to be late, the person required to file the report is liable to the state for a civil penalty of \$1,000 for the first day the report is late and \$100 for each day thereafter that the report is late. If a report is more than 30 days late, the commission shall issue a warning of liability by registered mail to the person required to file the report. If the penalty is not paid before the 10th day after the date on which the warning is received, the person is liable for a civil penalty in an amount determined by commission rule, but not to exceed \$10,000.

(b-1) A report is not considered to be late for purposes of Subsection (b) if:

(1) the report as originally filed substantially complies with this chapter; and

(2) the person filing the report promptly files a corrected or amended report on learning that the report as originally filed is inaccurate or incomplete.

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

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

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

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

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

19-1 Sec. 254.0912. ADDITIONAL CONTENTS OF REPORTS BY STATEWIDE
19-2 EXECUTIVE OFFICEHOLDERS AND LEGISLATIVE OFFICEHOLDERS. In
19-3 addition to the contents required by Sections 254.031 and 254.091,
19-4 each report by a holder of a statewide office in the executive
19-5 branch or a legislative office must include the contents prescribed
19-6 by Section 254.0612.

19-7 SECTION 2.19. Subchapter E, Chapter 254, Election Code, is
19-8 amended by adding Section 254.1212 to read as follows:

19-9 Sec. 254.1212. ADDITIONAL CONTENTS OF REPORTS OF COMMITTEE
19-10 SUPPORTING OR OPPOSING CANDIDATE FOR STATEWIDE EXECUTIVE
19-11 OFFICEHOLDERS OR LEGISLATIVE OFFICEHOLDERS OR ASSISTING STATEWIDE
19-12 EXECUTIVE OFFICEHOLDERS OR LEGISLATIVE OFFICEHOLDERS. In addition
19-13 to the contents required by Sections 254.031 and 254.121, each
19-14 report by a specific-purpose committee for supporting or opposing a
19-15 candidate for or assisting a holder of a statewide office in the
19-16 executive branch or a legislative office must include the contents
19-17 prescribed by Section 254.0612.

19-18 SECTION 2.20. Section 254.151, Election Code, is amended to
19-19 read as follows:

19-20 Sec. 254.151. ADDITIONAL CONTENTS OF REPORTS. In addition
19-21 to the contents required by Section 254.031, each report by a
19-22 campaign treasurer of a general-purpose committee must include:

- 19-23 (1) the committee's full name and address;
- 19-24 (2) the full name, residence or business street
19-25 address, and telephone number of the committee's campaign
19-26 treasurer;
- 19-27 (3) the identity and date of the election for which the
19-28 report is filed, if applicable;
- 19-29 (4) the name of each identified candidate or measure
19-30 or classification by party of candidates supported or opposed by
19-31 the committee, indicating whether the committee supports or opposes
19-32 each listed candidate, measure, or classification by party of
19-33 candidates;
- 19-34 (5) the name of each identified officeholder or
19-35 classification by party of officeholders assisted by the committee;
- 19-36 (6) the principal occupation of each person from whom
19-37 political contributions that in the aggregate exceed \$50 are
19-38 accepted during the reporting period;
- 19-39 (7) the amount of each political expenditure in the
19-40 form of a political contribution made to a candidate, officeholder,
19-41 or another political committee that is returned to the committee
19-42 during the reporting period, the name of the person to whom the
19-43 expenditure was originally made, and the date it is returned; ~~and~~
- 19-44 (8) on a separate page or pages of the report, the
19-45 identification of any contribution from a corporation or labor
19-46 organization made and accepted under Subchapter D, Chapter 253; and
- 19-47 (9) on a separate page or pages of the report, the
19-48 identification of the name of the donor, the amount, and the date of
19-49 any expenditure made by a corporation or labor organization to:

- 19-50 (A) establish or administer the political
19-51 committee; or
- 19-52 (B) finance the solicitation of political
19-53 contributions to the committee under Section 253.100.

19-54 SECTION 2.21. Subchapter F, Chapter 254, Election Code, is
19-55 amended by adding Section 254.1581 to read as follows:

19-56 Sec. 254.1581. REPORTING BY OUT-OF-STATE POLITICAL
19-57 COMMITTEE. For each reporting period under this subchapter in
19-58 which an out-of-state political committee accepts political
19-59 contributions or makes political expenditures, the committee shall
19-60 file with the commission a copy of one or more reports filed with
19-61 the Federal Election Commission or with the proper filing authority
19-62 of at least one other state that shows the political contributions
19-63 accepted, political expenditures made, and other expenditures made
19-64 by the committee. A report must be filed within the same period in
19-65 which it is required to be filed under federal law or the law of the
19-66 other state.

19-67 SECTION 2.22. Section 254.204(a), Election Code, is amended
19-68 to read as follows:

- 19-69 (a) At the end of the six-year period prescribed by Section

254.203, the former officeholder or candidate shall remit any unexpended political contributions to one or more of the following:

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

(2) a candidate or political committee;

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

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

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

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

SECTION 2.23. The heading to Section 257.005, Election Code, is amended to read as follows:

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

SECTION 2.24. Section 257.005(a), Election Code, is amended to read as follows:

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

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

(2) a candidate for election to the office of county chair of a political party with a nominee on the ballot in the most recent gubernatorial general election who, in connection with the candidacy, accepts contributions that in the aggregate exceed \$5,000 or makes expenditures that in the aggregate exceed \$5,000 [~~is subject to the requirements of this title that apply to a candidate for public office, except as provided by this section~~].

SECTION 2.25. Sections 253.100(d), 254.036(c), (d), and (g), and 254.0401(b) and (c), Election Code, are repealed.

SECTION 2.26. (a) Sections 254.031, 254.036, and 254.038, Election Code, as amended by this Act, and Sections 254.0612, 254.0912, and 254.1212, Election Code, as added by this Act, apply only to a report required to be filed under Chapter 254, Election Code, on or after September 1, 2003. A report required to be filed under Chapter 254, Election Code, before September 1, 2003, is governed by the law in effect on the date the report was required to be filed, and the former law is continued in effect for that purpose.

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

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

ARTICLE 3. SPEAKER'S RACE

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

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

(b) A declaration of speaker candidacy must:

(1) be in writing;

(2) identify the legislative session as to which the

21-1 candidacy relates; and

21-2 (3) include:

21-3 (A) the speaker candidate's name;

21-4 (B) the speaker candidate's residence or
21-5 business street address; and

21-6 (C) the speaker candidate's telephone number.

21-7 (c) Except as provided by Subsection (e), a speaker
21-8 candidate may not knowingly accept a contribution, loan, or promise
21-9 of a contribution or loan in connection with the speaker candidacy
21-10 or make or authorize a campaign expenditure at a time when a
21-11 declaration of candidacy for the candidate is not in effect.

21-12 (d) A declaration of speaker candidacy terminates on the
21-13 earlier of:

21-14 (1) the date the speaker candidate files a written
21-15 statement with the Texas Ethics Commission stating that the
21-16 candidate has terminated the candidacy; or

21-17 (2) the date a speaker is elected for the legislative
21-18 session as to which the speaker candidate filed the statement.

21-19 (e) A former speaker candidate whose declaration of speaker
21-20 candidacy is terminated under Subsection (d) may make a campaign
21-21 expenditure in connection with a debt incurred during the period
21-22 the former speaker candidate's declaration of candidacy was in
21-23 effect.

21-24 SECTION 3.02. Section 302.013, Government Code, is amended
21-25 by amending Subsections (b) and (d) and adding Subsection (e) to
21-26 read as follows:

21-27 (b) Each speaker candidate shall file the statement on:

21-28 (1) the first filing date after the date on which the
21-29 speaker candidate files the declaration of candidacy required by
21-30 Section 302.0121 [announcement or initiation of the candidacy];

21-31 (2) each filing date during the candidacy; and

21-32 (3) each filing date until all campaign loans have
21-33 been repaid.

21-34 (d) Each speaker candidate shall file the statement by
21-35 computer diskette, modem, or other means of electronic transfer,
21-36 using computer software provided [on an official form designed] by
21-37 the Texas Ethics Commission or computer software that meets
21-38 commission specifications for a standard file format.

21-39 (e) The Texas Ethics Commission shall implement an
21-40 electronic filing system under Subsection (d) not later than
21-41 September 1, 2004. The commission by rule shall identify the date
21-42 on which the requirement that a statement must be made as required
21-43 by Subsection (d) takes effect and the first reporting period under
21-44 Subsection (c) for which a statement must be made as required by
21-45 Subsection (d). This subsection expires January 1, 2005.

21-46 SECTION 3.03. Section 302.015(b), Government Code, is
21-47 amended to read as follows:

21-48 (b) A statement required to be filed on the day before a
21-49 regular or called session convenes must actually be delivered and
21-50 in the possession of the Texas Ethics Commission not later than 5
21-51 [4] p.m. of that day.

21-52 SECTION 3.04. Subchapter B, Chapter 302, Government Code,
21-53 is amended by adding Sections 302.0191 and 302.0201 to read as
21-54 follows:

21-55 Sec. 302.0191. CONTRIBUTIONS AND EXPENDITURES FROM
21-56 POLITICAL CONTRIBUTIONS. A person, including a speaker candidate,
21-57 may not make a contribution to a speaker candidate's campaign or an
21-58 expenditure to aid or defeat a speaker candidate from:

21-59 (1) political contributions accepted under Title 15,
21-60 Election Code;

21-61 (2) interest earned on political contributions
21-62 accepted under Title 15, Election Code; or

21-63 (3) an asset purchased with political contributions
21-64 accepted under Title 15, Election Code.

21-65 Sec. 302.0201. DISPOSITION OF UNEXPENDED FUNDS; REPORT.

21-66 (a) A former speaker candidate may:

21-67 (1) use unexpended campaign funds to retire debt
21-68 incurred in connection with the speaker candidacy; or

21-69 (2) remit unexpended campaign funds to one or more of

22-1 the following:

22-2 (A) one or more persons from whom campaign funds
 22-3 were received, in accordance with Subsection (c); or

22-4 (B) a recognized charitable organization formed
 22-5 for educational, religious, or scientific purposes that is exempt
 22-6 from taxation under Section 501(c)(3), Internal Revenue Code of
 22-7 1986, and its subsequent amendments.

22-8 (b) A former speaker candidate may not retain contributions
 22-9 covered by this subchapter, assets purchased with the
 22-10 contributions, or interest and other income earned on the
 22-11 contributions for more than six years after the date the person
 22-12 ceases to be a speaker candidate or hold the office of speaker.

22-13 (c) The amount of campaign funds disposed of under
 22-14 Subsection (a)(2)(A) to one person may not exceed the aggregate
 22-15 amount accepted from that person in connection with the former
 22-16 speaker candidate's most recent campaign for election to the office
 22-17 of speaker.

22-18 (d) Not later than January 15 of each year, a former speaker
 22-19 candidate who retains unexpended campaign funds shall file a sworn
 22-20 report with the Texas Ethics Commission that includes:

22-21 (1) the full name and address of each person to whom a
 22-22 payment from unexpended campaign funds is made;

22-23 (2) the date and amount of each payment reported under
 22-24 Subdivision (1); and

22-25 (3) the information required by Section 302.014 as to
 22-26 any contribution, loan, or expenditure not previously reported on a
 22-27 statement filed under Section 302.013.

22-28 (e) A report filed under this section covers, as applicable:

22-29 (1) the period:
 22-30 (A) beginning on the date after the last day of
 22-31 the period covered by the most recent statement filed by the former
 22-32 speaker candidate under Section 302.013; and

22-33 (B) ending on December 31 of the preceding year;

22-34 or

22-35 (2) the preceding calendar year.

22-36 (f) A former speaker candidate shall file the report on an
 22-37 official form designed by the Texas Ethics Commission. Sections
 22-38 302.015 and 302.016 apply to a report filed under this section.

22-39 (g) For purposes of this section, a speaker candidate
 22-40 elected as speaker of the house of representatives is considered to
 22-41 be a former speaker candidate.

22-42 SECTION 3.05. Section 302.021, Government Code, is amended
 22-43 by amending Subsections (a) and (f) and adding Subsection (e-1) to
 22-44 read as follows:

22-45 (a) A speaker candidate or former speaker candidate commits
 22-46 an offense if the person ~~speaker candidate~~:

22-47 (1) knowingly fails to file the declaration of
 22-48 candidacy required by Section 302.0121;

22-49 (2) knowingly ~~wilfully~~ fails to file the statement
 22-50 required by Section 302.013;

22-51 (3) knowingly accepts a contribution, loan, or promise
 22-52 of a contribution or loan in violation of Section 302.0121(c);

22-53 (4) ~~(2)~~ knowingly accepts ~~receives~~ a
 22-54 contribution, loan, or promise of a contribution or loan prohibited
 22-55 by Section 302.017 from a corporation, partnership, association,
 22-56 firm, union, foundation, committee, club, or other organization or
 22-57 group of persons; ~~or~~

22-58 (5) knowingly accepts a contribution from a person who
 22-59 uses political contributions, interest earned on political
 22-60 contributions, or an asset purchased with political contributions
 22-61 to make the contribution in violation of Section 302.0191;

22-62 (6) ~~(3)~~ expends campaign funds for any purpose other
 22-63 than those enumerated in Section 302.020;

22-64 (7) knowingly retains contributions, assets purchased
 22-65 with contributions, or interest or other income earned on
 22-66 contributions in violation of Section 302.0201(b); or

22-67 (8) knowingly fails to file the report of unexpended
 22-68 campaign funds as required by Section 302.0201(d).

22-69 (e-1) A person commits an offense if the person knowingly

23-1 makes a contribution to a speaker candidate's campaign or an
 23-2 expenditure to aid or defeat a speaker candidate from political
 23-3 contributions, interest earned on political contributions, or an
 23-4 asset purchased with political contributions in violation of
 23-5 Section 302.0191.

23-6 (f) An offense under this section is a Class A misdemeanor
 23-7 [~~punishable by a fine of not less than \$500 nor more than \$5,000, by~~
 23-8 ~~imprisonment for not more than one year, or by both~~].

23-9 SECTION 3.06. (a) Section 302.021, Government Code, as
 23-10 amended by this Act, applies only to an offense committed on or
 23-11 after September 1, 2003. For the purposes of this section, an
 23-12 offense is committed before September 1, 2003, if any element of the
 23-13 offense occurs before that date.

23-14 (b) An offense committed before September 1, 2003, is
 23-15 covered by the law in effect when the offense was committed, and the
 23-16 former law is continued in effect for that purpose.

23-17 ARTICLE 4. LOBBYING

23-18 SECTION 4.01. The heading to Subchapter A, Chapter 305,
 23-19 Government Code, is amended to read as follows:

23-20 SUBCHAPTER A. GENERAL PROVISIONS; REGISTRATION

23-21 SECTION 4.02. Section 305.002, Government Code, is amended
 23-22 by adding Subdivisions (12)-(14) to read as follows:

23-23 (12) "Client" means a person or entity for which the
 23-24 registrant is registered or is required to be registered.

23-25 (13) "Matter" means the subject matters for which a
 23-26 registrant has been reimbursed, retained, or employed by a client
 23-27 to communicate directly with a member of the legislative or
 23-28 executive branch.

23-29 (14) "Person associated with the registrant" or "other
 23-30 associated person" means a partner or other person professionally
 23-31 associated with the registrant through a common business entity,
 23-32 other than a client, that reimburses, retains, or employs the
 23-33 registrant.

23-34 SECTION 4.03. Section 305.003, Government Code, is amended
 23-35 by amending Subsection (b) and adding Subsections (b-1) and (b-2)
 23-36 to read as follows:

23-37 (b) Subsection (a)(2) requires a person to register if the
 23-38 person, as part of his regular employment, has communicated
 23-39 directly with a member of the legislative or executive branch to
 23-40 influence legislation or administrative action on behalf of the
 23-41 person by whom he is compensated or reimbursed, whether or not the
 23-42 person receives any compensation for the communication in addition
 23-43 to the salary for that regular employment.

23-44 (b-1) [~~However,~~] Subsection (a)(2) does not require a
 23-45 member of the judicial, legislative, or executive branch of state
 23-46 government or an officer or employee of a political subdivision of
 23-47 the state to register. This subsection does not apply to an officer
 23-48 or employee of a quasi-governmental agency. For purposes of this
 23-49 subsection, "quasi-governmental agency" means a governmental
 23-50 agency, other than an institution of higher education as defined by
 23-51 Section 61.003, Education Code, that has as one of its primary
 23-52 purposes engaging in an activity that is normally engaged in by a
 23-53 nongovernmental agency, including:

23-54 (1) acting as a trade association; or
 23-55 (2) competing in the public utility business with
 23-56 private entities.

23-57 (b-2) Subsection (a)(2) does not require an officer or an
 23-58 employee of a state agency that provides utility services under
 23-59 Section 35.102, Utilities Code, and Sections 31.401 and 52.133,
 23-60 Natural Resources Code, to register.

23-61 SECTION 4.04. Section 305.005(a), Government Code, is
 23-62 amended to read as follows:

23-63 (a) Each person required to register under this chapter
 23-64 shall file a written registration [form] with the commission [~~on a~~
 23-65 ~~form prescribed by the commission]~~ and shall submit a registration
 23-66 fee.

23-67 SECTION 4.05. Section 305.006(a), Government Code, is
 23-68 amended to read as follows:

23-69 (a) Each registrant shall file with the commission a

24-1 written, verified report [~~on a form prescribed by the commission~~]
24-2 concerning the activities described by this section.

24-3 SECTION 4.06. Subchapter A, Chapter 305, Government Code,
24-4 is amended by adding Section 305.0064 to read as follows:

24-5 Sec. 305.0064. ELECTRONIC FILING OF REGISTRATIONS AND
24-6 ACTIVITY REPORTS. (a) Except as provided by Subsection (b), each
24-7 registration filed under Section 305.005 and each report filed
24-8 under Section 305.006 must be filed by computer diskette, modem, or
24-9 other means of electronic transfer, using computer software
24-10 provided by the commission or computer software that meets
24-11 commission specifications for a standard file format.

24-12 (b) The commission shall adopt rules under which a
24-13 registrant may file paper registrations or reports on forms
24-14 prescribed by the commission. The rules must be designed to ensure
24-15 that:

24-16 (1) use of the electronic filing system under
24-17 Subsection (a) is maximized; and

24-18 (2) registrants may file paper registrations or
24-19 reports for good cause only.

24-20 (c) The commission shall implement an electronic filing
24-21 system under Subsection (a) not later than December 1, 2004. The
24-22 commission by rule shall identify the date on which the requirement
24-23 that a registration must be made as required by Subsection (a) takes
24-24 effect and the first reporting period under Section 305.007 for
24-25 which a report must be made as required by Subsection (a). This
24-26 subsection expires January 1, 2005.

24-27 (d) A registration fee under Section 305.005(c)(1) or (2)
24-28 for the calendar years 2004 and 2005 is increased by an amount
24-29 determined by the commission as sufficient to generate additional
24-30 revenue necessary to develop and implement an electronic filing
24-31 system under Subsection (a). Additional revenue generated by a fee
24-32 increase under this subsection may be used only to develop and
24-33 implement the electronic filing system under Subsection (a). The
24-34 commission may impose a different increase for each fee under
24-35 Section 305.005(c). This subsection expires January 1, 2006.

24-36 SECTION 4.07. Subchapter A, Chapter 305, Government Code,
24-37 is amended by adding Section 305.012 to read as follows:

24-38 Sec. 305.012. CONTINUING EDUCATION. (a) The commission by
24-39 rule shall establish a continuing education program for
24-40 registrants. The program must address issues involving lobbying,
24-41 ethics, political contributions and expenditures, and other issues
24-42 as determined by the commission. The program shall be provided by
24-43 the commission or by an accredited institution of higher education.

24-44 (b) Rules adopted under this section:

24-45 (1) must prescribe the minimum number of hours of
24-46 continuing education a registrant must complete during a calendar
24-47 year, which may not be less than four hours;

24-48 (2) must provide for the commission to approve for
24-49 credit any continuing education activity provided by an
24-50 institution of higher education under the program;

24-51 (3) may permit a registrant who completes more than
24-52 the minimum number of hours of continuing education in a calendar
24-53 year to carry forward to the next year the excess hours of
24-54 continuing education; and

24-55 (4) must require a registrant to report the
24-56 registrant's compliance with the continuing education requirements
24-57 as part of the registration renewal process under Section 305.005.

24-58 (c) A person registered under this chapter for a period of
24-59 at least four months in a calendar year must comply with the minimum
24-60 continuing education requirements. A registrant who does not
24-61 comply with the minimum continuing education requirements is not
24-62 eligible to renew the person's registration.

24-63 (d) The commission shall adopt a procedure to assess a
24-64 registrant's participation in the continuing education program.

24-65 SECTION 4.08. Sections 305.028(b), (c), and (f), Government
24-66 Code, are amended to read as follows:

24-67 (b) Except as permitted by Subsection (c), a registrant may
24-68 not represent a client [~~person~~] in communicating directly with a
24-69 member of the legislative or executive branch to influence

25-1 legislative subject matter [~~legislation~~] or administrative action
25-2 if the representation of that client [~~person~~]:

25-3 (1) involves a substantially related matter in which
25-4 that client's [~~person's~~] interests are materially and directly
25-5 adverse to the interests of:

25-6 (A) another client of the registrant;
25-7 (B) an employer or concern employing the
25-8 registrant; or

25-9 (C) another client of a [~~partner or other~~] person
25-10 associated with the registrant; or

25-11 (2) reasonably appears to be [~~or potentially be~~]
25-12 adversely limited by:

25-13 (A) the registrant's, the employer's or
25-14 concern's, or the [~~partner's or~~] other associated person's
25-15 responsibilities to another client [~~or to a third person~~]; or

25-16 (B) the registrant's, employer's or concern's own
25-17 interests, or [~~partner's or~~] other associated person's own business
25-18 interests.

25-19 (c) A registrant may represent a client in the circumstances
25-20 described in Subsection [~~(a) or~~] (b) if:

25-21 (1) the registrant reasonably believes the
25-22 representation of each client will not be materially affected;

25-23 (2) not later than the second business day after the
25-24 date the registrant becomes aware of a [~~an actual or potential~~]
25-25 conflict described by Subsection [~~(a) or~~] (b), the registrant
25-26 provides written notice, in the manner required by the commission,
25-27 to each affected [~~or potentially affected~~] client; and

25-28 (3) not later than the 10th day after the date the
25-29 registrant becomes aware of a [~~an actual or potential~~] conflict
25-30 described by Subsection [~~(a) or~~] (b), the registrant files with the
25-31 commission a statement that:

25-32 (A) indicates [~~indicating~~] that there is a [~~an~~]
25-33 actual or potential conflict;

25-34 (B) states [~~and~~] that the registrant has notified
25-35 each affected [~~or potentially affected~~] client as required by
25-36 Subdivision (2); and

25-37 (C) states the name and address of each affected
25-38 client.

25-39 (f) In each report filed with the commission, a registrant
25-40 shall, under oath, affirm that the registrant has, to the best of
25-41 the registrant's knowledge, complied with this section.

25-42 SECTION 4.09. Section 305.031(a), Government Code, is
25-43 amended to read as follows:

25-44 (a) A person commits an offense if the person intentionally
25-45 or knowingly violates a provision of this chapter other than
25-46 Section 305.0011, 305.012, 305.022, or 305.028. An offense under
25-47 this subsection is a Class A misdemeanor.

25-48 SECTION 4.10. Section 305.033(b), Government Code, is
25-49 amended to read as follows:

25-50 (b) If a registration or report is determined to be late,
25-51 the person responsible for the filing is liable to the state for
25-52 payment of a civil penalty of \$500 [~~in an amount determined by~~
25-53 ~~commission rule, but not to exceed \$100 for each day that the~~
25-54 ~~registration or report is late~~]. A registration or report is not
25-55 considered to be late for purposes of this subsection if:

25-56 (1) the registration or report as originally filed
25-57 substantially complies with this chapter; and

25-58 (2) the person filing the registration or report
25-59 promptly files a corrected or amended registration or report on
25-60 learning that the registration or report as originally filed is
25-61 inaccurate or incomplete.

25-62 SECTION 4.11. Section 556.005(b), Government Code, is
25-63 amended to read as follows:

25-64 (b) A state agency may not use appropriated money to pay, on
25-65 behalf of the agency or an officer or employee of the agency,
25-66 membership dues to an organization that pays part or all of the
25-67 salary of a person who is required by Chapter 305 to register as a
25-68 lobbyist. This subsection does not apply to the payment by a state
25-69 agency of membership fees under Chapter 81.

26-1 SECTION 4.12. Sections 305.028(a) and 305.031(c),
26-2 Government Code, are repealed.

26-3 SECTION 4.13. (a) Not later than November 1, 2003, the
26-4 Texas Ethics Commission shall adopt rules establishing a continuing
26-5 education program for lobbyists as required by Section 305.012,
26-6 Government Code, as added by this Act. The program applies
26-7 beginning January 1, 2004.

26-8 (b) Sections 305.028 and 305.031, Government Code, as
26-9 amended by this Act, apply only to an offense committed on or after
26-10 September 1, 2003. For the purposes of this section, an offense is
26-11 committed before September 1, 2003, if any element of the offense
26-12 occurs before that date. An offense committed before September 1,
26-13 2003, is covered by the law in effect when the offense was
26-14 committed, and the former law is continued in effect for that
26-15 purpose.

26-16 (c) Section 305.033(b), Government Code, as amended by this
26-17 Act, applies only to a civil penalty imposed for a late registration
26-18 or report under Chapter 305, Government Code, that is required to be
26-19 filed on or after September 1, 2003. A civil penalty imposed for a
26-20 late registration or report under Chapter 305, Government Code,
26-21 that is required to be filed before September 1, 2003, is governed
26-22 by the law in effect on the date the report was required to be filed,
26-23 and the former law is continued in effect for that purpose.

26-24 ARTICLE 5. PERSONAL FINANCIAL DISCLOSURE BY AND STANDARDS OF
26-25 CONDUCT FOR STATE OFFICERS AND EMPLOYEES

26-26 SECTION 5.01. Section 572.021, Government Code, is amended
26-27 to read as follows:

26-28 Sec. 572.021. FINANCIAL STATEMENT REQUIRED. A state
26-29 officer, a partisan or independent candidate for an office as an
26-30 elected officer, and a party chairman shall file with the
26-31 commission a verified financial statement complying with Sections
26-32 572.022 through 572.0252 [~~572.025~~].

26-33 SECTION 5.02. Section 572.022(c), Government Code, is
26-34 amended to read as follows:

26-35 (c) The individual filing the statement shall report a
26-36 description of real property by reporting:

26-37 (1) the street address, if available, or the number of
26-38 lots or number of acres, as applicable, in each county, and the name
26-39 of the county, if the street address is not available; and

26-40 (2) the names of all persons retaining an interest in
26-41 the property, excluding an interest that is a severed mineral
26-42 interest.

26-43 SECTION 5.03. Section 572.023, Government Code, is amended
26-44 by amending Subsection (b) and adding Subsections (c) and (d) to
26-45 read as follows:

26-46 (b) The account of financial activity consists of:

26-47 (1) a list of all sources of occupational income,
26-48 identified by employer, or if self-employed, by the nature of the
26-49 occupation, including identification of a person or other
26-50 organization from which the individual or a business in which the
26-51 individual has a substantial interest received a fee as a retainer
26-52 for a claim on future services in case of need, as distinguished
26-53 from a fee for services on a matter specified at the time of
26-54 contracting for or receiving the fee, if professional or
26-55 occupational services are not actually performed during the
26-56 reporting period equal to or in excess of the amount of the
26-57 retainer, and the category of the amount of the fee;

26-58 (2) identification by name and the category of the
26-59 number of shares of stock of any business entity held or acquired,
26-60 and if sold, the category of the amount of net gain or loss realized
26-61 from the sale;

26-62 (3) a list of all bonds, notes, and other commercial
26-63 paper held or acquired, and if sold, the category of the amount of
26-64 net gain or loss realized from the sale;

26-65 (4) identification of each source and the category of
26-66 the amount of income in excess of \$500 derived from each source from
26-67 interest, dividends, royalties, and rents;

26-68 (5) identification of each guarantor of a loan and
26-69 identification of each person or financial institution to whom a

27-1 personal note or notes or lease agreement for a total financial
 27-2 liability in excess of \$1,000 existed at any time during the year
 27-3 and the category of the amount of the liability;

27-4 (6) identification by description of all beneficial
 27-5 interests in real property and business entities held or acquired,
 27-6 and if sold, the category of the amount of the net gain or loss
 27-7 realized from the sale;

27-8 (7) identification of a person or other organization
 27-9 from which the individual or the individual's spouse or dependent
 27-10 children received a gift of anything of value in excess of \$250 and
 27-11 a description of each gift, except:

27-12 (A) a gift received from an individual related to
 27-13 the individual at any time within the second degree by
 27-14 consanguinity or affinity, as determined under Subchapter B [A],
 27-15 Chapter 573;

27-16 (B) a political contribution that was reported as
 27-17 required by Chapter 254, Election Code [law]; and

27-18 (C) an expenditure required to be reported by a
 27-19 person required to be registered under Chapter 305;

27-20 (8) identification of the source and the category of
 27-21 the amount of all income received as beneficiary of a trust, other
 27-22 than a blind trust that complies with Subsection (c), and
 27-23 identification of each trust asset, if known to the beneficiary,
 27-24 from which income was received by the beneficiary in excess of \$500;

27-25 (9) identification by description and the category of
 27-26 the amount of all assets and liabilities of a corporation, firm,
 27-27 ~~or~~ partnership, limited partnership, limited liability
 27-28 partnership, professional corporation, professional association,
 27-29 joint venture, or other business association in which 50 percent or
 27-30 more of the outstanding ownership was held, acquired, or sold;

27-31 (10) a list of all boards of directors of which the
 27-32 individual is a member and executive positions that the individual
 27-33 holds in corporations, firms, partnerships, limited partnerships,
 27-34 limited liability partnerships, professional corporations,
 27-35 professional associations, joint ventures, or other business
 27-36 associations or proprietorships, stating the name of each
 27-37 corporation, firm, partnership, limited partnership, limited
 27-38 liability partnership, professional corporation, professional
 27-39 association, joint venture, or other business association or
 27-40 proprietorship and the position held;

27-41 (11) identification of any person providing
 27-42 transportation, meals, or lodging expenses permitted under Section
 27-43 36.07(b), Penal Code, and the amount of those expenses, other than
 27-44 expenditures required to be reported under Chapter 305; ~~and~~

27-45 (12) any corporation, firm, partnership, limited
 27-46 partnership, limited liability partnership, professional
 27-47 corporation, professional association, joint venture, or other
 27-48 business association, excluding a publicly held corporation, in
 27-49 which both the individual [state officer] and a person registered
 27-50 under Chapter 305 have an interest;

27-51 (13) identification by name and the category of the
 27-52 number of shares of any mutual fund held or acquired, and if sold,
 27-53 the category of the amount of net gain or loss realized from the
 27-54 sale; and

27-55 (14) identification of each blind trust that complies
 27-56 with Subsection (c), including:

27-57 (A) the category of the fair market value of the
 27-58 trust;

27-59 (B) the date the trust was created;

27-60 (C) the name and address of the trustee; and

27-61 (D) a statement signed by the trustee, under
 27-62 penalty of perjury, stating that:

27-63 (i) the trustee has not revealed any
 27-64 information to the individual, except information that may be
 27-65 disclosed under Subdivision (8); and

27-66 (ii) to the best of the trustee's knowledge,
 27-67 the trust complies with this section.

27-68 (c) For purposes of Subsections (b)(8) and (14), a blind
 27-69 trust is a trust as to which:

28-1 (1) the trustee:

28-2 (A) is a disinterested party;

28-3 (B) is not the individual;

28-4 (C) is not required to register as a lobbyist
28-5 under Chapter 305;

28-6 (D) is not a public officer or public employee;
28-7 and

28-8 (E) was not appointed to public office by the
28-9 individual or by a public officer or public employee the individual
28-10 supervises; and

28-11 (2) the trustee has complete discretion to manage the
28-12 trust, including the power to dispose of and acquire trust assets
28-13 without consulting or notifying the individual.

28-14 (d) If a blind trust under Subsection (c) is revoked while
28-15 the individual is subject to this subchapter, the individual must
28-16 file an amendment to the individual's most recent financial
28-17 statement, disclosing the date of revocation and the previously
28-18 unreported value by category of each asset and the income derived
28-19 from each asset.

28-20 SECTION 5.04. Subchapter B, Chapter 572, Government Code,
28-21 is amended by adding Sections 572.0251 and 572.0252 to read as
28-22 follows:

28-23 Sec. 572.0251. INFORMATION ABOUT LEGISLATIVE CONTINUANCES.
28-24 A member or member-elect of the legislature licensed to practice
28-25 law in this state who represents a party to a civil or criminal case
28-26 for compensation and on that party's behalf applies for or obtains a
28-27 legislative continuance under Section 30.003, Civil Practice and
28-28 Remedies Code, or under another law or rule that requires or permits
28-29 a court to grant a continuance on the grounds that an attorney for a
28-30 party is a member or member-elect of the legislature shall report on
28-31 the financial statement:

28-32 (1) the name of the party represented;

28-33 (2) the date on which the member or member-elect was
28-34 retained to represent the party;

28-35 (3) the style and cause number of the action in which
28-36 the continuance was sought and the court and jurisdiction in which
28-37 the action was pending when the continuance was sought;

28-38 (4) the date on which the member or member-elect
28-39 applied for a continuance; and

28-40 (5) whether the continuance was granted.

28-41 Sec. 572.0252. INFORMATION ABOUT REFERRALS. A state
28-42 officer who is an attorney shall report on the financial statement:

28-43 (1) making or receiving any referral for compensation
28-44 for legal services; and

28-45 (2) the amount of any fee accepted for making a
28-46 referral for legal services.

28-47 SECTION 5.05. Section 572.026(b), Government Code, is
28-48 amended to read as follows:

28-49 (b) An individual who is appointed to serve as a salaried
28-50 appointed officer or an appointed officer of a major state agency or
28-51 who is appointed to fill a vacancy in an elective office shall file
28-52 a financial statement not later than the 14th [~~30th~~] day after the
28-53 date of appointment or the date of qualification for the office, or
28-54 if confirmation by the senate is required, before the first
28-55 committee hearing on the confirmation, whichever date is earlier.

28-56 SECTION 5.06. Section 572.033, Government Code, is amended
28-57 by amending Subsection (b) and adding Subsection (b-1) to read as
28-58 follows:

28-59 (b) If a statement is determined to be late, the individual
28-60 responsible for filing the statement is [~~civilly~~] liable to the
28-61 state for a civil penalty of \$500 [~~an amount determined by~~
28-62 ~~commission rule, but not to exceed \$100 for each day that the~~
28-63 ~~statement is late~~]. If a statement is more than 30 days late, the
28-64 commission shall issue a warning of liability by registered mail to
28-65 the individual responsible for the filing. If the penalty is not
28-66 paid before the 10th day after the date on which the warning is
28-67 received, the individual is liable for a civil penalty in an amount
28-68 determined by commission rule, but not to exceed \$10,000.

28-69 (b-1) A statement is not considered to be late for purposes

29-1 of Subsection (b) if:

29-2 (1) the statement as originally filed substantially
 29-3 complies with this chapter; and

29-4 (2) the person filing the statement promptly files a
 29-5 corrected or amended statement on learning that the statement as
 29-6 originally filed is inaccurate or incomplete.

29-7 SECTION 5.07. Section 572.052(a), Government Code, is
 29-8 amended to read as follows:

29-9 (a) A member of the legislature may not, for compensation,
 29-10 represent another person before a state agency in the executive
 29-11 branch of state government unless [+
 29-12 [~~(1)~~] the representation:

29-13 (1) [~~(A)~~] is pursuant to an attorney-client
 29-14 relationship in a criminal law matter [~~made in a proceeding that is~~
 29-15 adversary in nature or in another public hearing that is a matter of
 29-16 record]; or

29-17 (2) [~~(B)~~] involves the filing of documents, contacts
 29-18 with the agency, or other relations, that involve only ministerial
 29-19 acts on the part of the commission, agency, board, department, or
 29-20 officer[~~, and~~

29-21 [~~(2) the member discloses to the agency that the~~
 29-22 member is being compensated for the representation].

29-23 SECTION 5.08. Subchapter C, Chapter 572, Government Code,
 29-24 is amended by adding Sections 572.0531 and 572.059 to read as
 29-25 follows:

29-26 Sec. 572.0531. NOTICE REQUIRED FOR INTRODUCTION OR
 29-27 SPONSORSHIP OF CERTAIN MEASURES OR BILLS BY LEGISLATORS. (a) A
 29-28 member shall file a notice as required by Subsection (b) before
 29-29 introducing or sponsoring a measure or bill if the member's spouse
 29-30 or a person related to the member within the first degree by
 29-31 consanguinity, as determined under Subchapter B, Chapter 573, is
 29-32 registered as a lobbyist under Chapter 305 with respect to the
 29-33 subject matter of the measure or bill.

29-34 (b) A member of the house of representatives to whom
 29-35 Subsection (a) applies shall file a written notice of that fact with
 29-36 the chief clerk of the house of representatives. A senator to whom
 29-37 Subsection (a) applies shall file a written notice of that fact with
 29-38 the secretary of the senate. The member shall also file a notice
 29-39 with the commission. A notice filed under this subsection must:

29-40 (1) identify:

29-41 (A) the member;

29-42 (B) the measure, bill, or class of measures or
 29-43 bills with respect to which the notice is required under this
 29-44 section; and

29-45 (C) the person registered as a lobbyist; and

29-46 (2) be included in the journal of the house to which
 29-47 the member belongs.

29-48 (c) A person related to the member to whom Subsection (a)
 29-49 applies shall file a notice with the commission identifying:

29-50 (1) the person;

29-51 (2) the member; and

29-52 (3) the class of measures or bills with respect to
 29-53 which notice is required under this section.

29-54 (d) A person related to the member to whom Subsection (a)
 29-55 applies shall file the notice required by Subsection (c) not later
 29-56 than:

29-57 (1) the beginning of a regular or special legislative
 29-58 session as to which the person is registered as a lobbyist under
 29-59 Chapter 305 and will communicate directly with a member of the
 29-60 legislative branch with respect to the measure, bill, or class of
 29-61 measures or bills; or

29-62 (2) the seventh business day after the day the person
 29-63 agrees to accept reimbursement or compensation to communicate
 29-64 directly with a member of the legislative branch with respect to the
 29-65 measure, bill, or class of measures or bills, if the person agrees
 29-66 to accept the reimbursement or compensation after the beginning of
 29-67 a legislative session.

29-68 (e) A member of the legislature who violates this section is
 29-69 subject to discipline by the house to which the member belongs, as

30-1 provided by Section 11, Article III, Texas Constitution.

30-2 (f) In this section, "communicates directly with" and
 30-3 "member of the legislative branch" have the meanings assigned by
 30-4 Section 305.002.

30-5 Sec. 572.059. INDEPENDENCE OF STATE AND LOCAL OFFICERS
 30-6 ACTING IN LEGISLATIVE CAPACITY. (a) In this section, "legislative
 30-7 measure" includes:

30-8 (1) a bill, resolution, order, or other proposal to
 30-9 adopt, enact, amend, or repeal a statute, ordinance, rule, or
 30-10 policy of general application;

30-11 (2) a proposal to adopt, enact, amend, or repeal, or to
 30-12 grant a variance or other exception to, a zoning ordinance; or

30-13 (3) a proposed constitutional amendment or charter
 30-14 amendment subject to a vote of the electorate.

30-15 (b) For purposes of Subsection (a), a measure that is
 30-16 applicable to a class or subset of persons or matters that is
 30-17 defined in general terms without naming the particular persons or
 30-18 matters is a measure of general application.

30-19 (c) To protect the independence of state and local officers
 30-20 acting in a legislative capacity, a state or local officer, whether
 30-21 elected or appointed, including a member of the governing body of a
 30-22 school district or other political subdivision of this state, may
 30-23 not be subject to disciplinary action or a sanction, penalty,
 30-24 disability, or liability for:

30-25 (1) an action permitted by law that the officer takes
 30-26 in the officer's official capacity regarding a legislative measure;

30-27 (2) proposing, endorsing, or expressing support for or
 30-28 opposition to a legislative measure or taking any action permitted
 30-29 by law to support or oppose a legislative measure;

30-30 (3) the effect of a legislative measure or of a change
 30-31 in law proposed by a legislative measure on any person; or

30-32 (4) a breach of duty, in connection with the member's
 30-33 practice of or employment in a licensed or regulated profession or
 30-34 occupation, to disclose to any person information, or to obtain a
 30-35 waiver or consent from any person, regarding:

30-36 (A) the officer's actions relating to a
 30-37 legislative measure; or

30-38 (B) the substance, effects, or potential effects
 30-39 of a legislative measure.

30-40 SECTION 5.09. Section 30.003, Civil Practice and Remedies
 30-41 Code, is amended by adding Subsection (g) to read as follows:

30-42 (g) If the attorney for a party seeking a continuance under
 30-43 this section is a member or member-elect of the legislature, the
 30-44 attorney shall file a copy of the application for a continuance with
 30-45 the Texas Ethics Commission. The copy must be sent to the
 30-46 commission not later than the third business day after the date on
 30-47 which the attorney files the application with the court.

30-48 SECTION 5.10. (a) Section 572.052, Government Code, as
 30-49 amended by this Act, applies only to representation before a state
 30-50 agency in regard to a matter as to which a member of the legislature
 30-51 is hired on or after September 1, 2003. Representation in regard to
 30-52 a matter as to which a member of the legislature was hired before
 30-53 September 1, 2003, and the reporting of that representation are
 30-54 governed by the law in effect at the time the member was hired, and
 30-55 that law is continued in effect for that purpose.

30-56 (b) Sections 572.022 and 572.023, Government Code, as
 30-57 amended by this Act, and Sections 572.0251 and 572.0252, Government
 30-58 Code, as added by this Act, apply only to a financial statement
 30-59 required to be filed under Subchapter B, Chapter 572, Government
 30-60 Code, on or after January 1, 2004. A financial statement required
 30-61 to be filed under Subchapter B, Chapter 572, Government Code,
 30-62 before January 1, 2004, is governed by the law in effect immediately
 30-63 before the effective date of this Act, and the former law is
 30-64 continued in effect for that purpose.

30-65 (c) Section 572.026(b), Government Code, as amended by this
 30-66 Act, applies only to the filing of a financial statement by an
 30-67 individual appointed on or after September 1, 2003, to serve as a
 30-68 salaried appointed officer or an appointed officer of a major state
 30-69 agency or to fill a vacancy in an elective office. The filing of a

31-1 financial statement by an individual appointed before September 1,
31-2 2003, to serve as a salaried appointed officer or an appointed
31-3 officer of a major state agency or to fill a vacancy in an elective
31-4 office is governed by the law in effect on the date the individual
31-5 is appointed, and the former law is continued in effect for that
31-6 purpose.

31-7 (d) Section 572.033(b), Government Code, as amended by this
31-8 Act, applies only to a civil penalty imposed for a late report under
31-9 Subchapter B, Chapter 572, Government Code, that is required to be
31-10 filed on or after September 1, 2003. A civil penalty imposed for a
31-11 late report under Subchapter B, Chapter 572, Government Code, that
31-12 is required to be filed before September 1, 2003, is governed by the
31-13 law in effect on the date the report was required to be filed, and
31-14 the former law is continued in effect for that purpose.

31-15 (e) Section 30.003, Civil Practice and Remedies Code, as
31-16 amended by this Act, applies only to an application for a
31-17 continuance under that section that is made on or after September 1,
31-18 2003. An application for a continuance under Section 30.003, Civil
31-19 Practice and Remedies Code, that is made before September 1, 2003,
31-20 is covered by the law in effect when the application was made, and
31-21 the former law is continued in effect for that purpose.

31-22 ARTICLE 6. MISUSE OF CERTAIN CONFIDENTIAL INFORMATION BY
31-23 GOVERNMENTAL OFFICER OR EMPLOYEE

31-24 SECTION 6.01. The heading to Section 552.352, Government
31-25 Code, is amended to read as follows:

31-26 Sec. 552.352. DISTRIBUTION OR MISUSE OF CONFIDENTIAL
31-27 INFORMATION.

31-28 SECTION 6.02. Section 552.352, Government Code, is amended
31-29 by adding Subsections (a-1) and (a-2) to read as follows:

31-30 (a-1) An officer or employee of a governmental body who
31-31 obtains access to confidential information under Section 552.008
31-32 commits an offense if the officer or employee knowingly:

31-33 (1) uses the confidential information for a purpose
31-34 other than the purpose for which the information was received or for
31-35 a purpose unrelated to the law that permitted the officer or
31-36 employee to obtain access to the information, including
31-37 solicitation of political contributions or solicitation of
31-38 clients;

31-39 (2) permits inspection of the confidential
31-40 information by a person who is not authorized to inspect the
31-41 information; or

31-42 (3) discloses the confidential information to a person
31-43 who is not authorized to receive the information.

31-44 (a-2) For purposes of Subsection (a-1), a member of an
31-45 advisory committee to a governmental body who obtains access to
31-46 confidential information in that capacity is considered to be an
31-47 officer or employee of the governmental body.

31-48 ARTICLE 7. EFFECTIVE DATE

31-49 SECTION 7.01. This Act takes effect September 1, 2003.

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