

BILL ANALYSIS

Senate Research Center

H.B. 501
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State Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties observe that elected officials are not required to disclose contracts that they or their immediate family members may have with governmental entities. For example, while a member of the legislature may have a contract to provide professional services to a city, they are not required to disclose that contract as part of their personal financial statement. As another example, a state officer whose spouse contracts to provide certain goods to political subdivisions, is not required to disclose those contracts. Interested parties observe that while elected officials may enter into contracts to provide goods or services to political subdivisions, those contracts should be publicly disclosed.

Interested parties further observe that while the legislature creates entities that issue bonds (e.g., MUDs, hospital districts), legislators who provide bond counsel services are not required to disclose those services rendered to public issuers. Further, interested parties observe that legislators should be required to disclose information relating to the referral fees they receive.

Texas law already requires that elected officials complete a financial report disclosing their income sources, investments and earnings, loans held, and, among other items, certain gifts received. H.B. 501 expands this reporting requirement to require that elected officials disclose contracts for goods or services that they or their spouse or dependent child have with governmental entities. Specifically, H.B. 501 expands the personal financial statement reporting requirements for each state officer, elected official, or candidate to include the disclosure of written contracts for goods or services with governmental entities if the aggregate value of those contracts exceeds \$10,000 per reporting year. H.B. 501 also requires that members of the legislature that provide bond counsel services to a public issuer disclose specific information regarding each issuance, including the amount of the bond issuance, the name of the issuer, and the fees paid to the member or their firm. H.B. 501 further requires that state officers disclose referrals and associated fees.

H.B. 501 amends current law relating to the disclosure of certain contracts, agreements, services, and compensation in personal financial statements filed by public officers and candidates.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 572.023, Government Code, by amending Subsection (b) and adding Subsections (e), (f), and (g), as follows:

- (b) Provides that the account of financial activity consists of:
 - (1) through (8) makes no changes to these subdivisions;
 - (9) identification:

(A) by description of a corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation, professional association, joint venture, or other business association in which five percent or more of the outstanding ownership was held, acquired, or sold; and

(B) by description and the category of the amount of all assets and liabilities of a corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation, professional association, joint venture, or other business association in which 50 percent or more of the outstanding ownership was held, acquired, or sold;

(10) through (12) makes no changes to these subdivisions;

(13) and (14) makes a nonsubstantive change;

(15) if the aggregate cost of goods or services sold under one or more written contracts described by this subdivision exceeds \$10,000 in the year covered by the report, identification of each written contract, including the name of each party to a certain contract;

(16) if the individual is a member of the legislature and provides bond counsel services to an issuer, as defined by Section 1201.002(1) (relating to the definition of "issuer"), identification of certain information for each issuance for which the individual served as bond counsel.

(e) Defines "governmental entity."

(f) Provides that Subsection (b)(15) does not require the disclosure of an employment contract between a school district or open-enrollment charter school and an employee of the district or school.

(g) Provides that an individual who complies with any applicable requirements of Sections 51.954 (Disclosure of Sponsors of Contracted Research in Public Communications) and 51.955 (Prohibited State Agency Actions Related to Disclosure of Publicity Funded Research), Education Code, and Section 2252.908 of this code, in an individual capacity or as a member or employee of an entity to which those sections apply, is not required to include in the account of financial activity the information described by Subsection (b)(15) unless specifically requested by the Texas Ethics Commission to include the information.

SECTION 2. Amends Section 572.0252, Government Code, as follows:

Sec. 572.0252. INFORMATION ABOUT REFERRALS. (a) Requires a state officer, rather than a state officer who is an attorney, to report certain information on the financial statement, unless otherwise confidential or privileged.

(b) Provides that Subsection (a) does not apply to a judicial appointment made in a civil, family, or criminal proceeding, including an appointment as a guardian ad litem or attorney ad litem.

SECTION 3. Makes application of the changes in law made by this Act to Section 572.0252, Government Code, prospective.

SECTION 4. Makes application of this Act, in relation to a financial statement filed under Subchapter B (Personal Financial Statement), Chapter 572 (Personal Financial Disclosure, Standards of Conduct, and Conflicts of Interest), Government Code, as amended by this Act, prospective to January 8, 2019.

SECTION 5. Effective date: January 8, 2019.