

1-1 By: Capriglione, et al. H.B. No. 501
1-2 (Senate Sponsor - Taylor of Collin)
1-3 (In the Senate - Received from the House May 4, 2017;
1-4 May 10, 2017, read first time and referred to Committee on State
1-5 Affairs; May 19, 2017, reported adversely, with favorable
1-6 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-7 May 19, 2017, sent to printer.)

1-8 COMMITTEE VOTE

1-9		Yea	Nay	Absent	PNV
1-10	Huffman	X			
1-11	Hughes	X			
1-12	Birdwell	X			
1-13	Creighton	X			
1-14	Estes	X			
1-15	Lucio	X			
1-16	Nelson	X			
1-17	Schwertner	X			
1-18	Zaffirini	X			

1-19 COMMITTEE SUBSTITUTE FOR H.B. No. 501 By: Hughes

1-20 A BILL TO BE ENTITLED
1-21 AN ACT

1-22 relating to the disclosure of certain contracts, services, and
1-23 compensation in personal financial statements filed by public
1-24 officers and candidates.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Section 572.023, Government Code, is amended by
1-27 amending Subsection (b) and adding Subsections (e) and (f) to read
1-28 as follows:

1-29 (b) The account of financial activity consists of:

1-30 (1) a list of all sources of occupational income,
1-31 identified by employer, or if self-employed, by the nature of the
1-32 occupation, including identification of a person or other
1-33 organization from which the individual or a business in which the
1-34 individual has a substantial interest received a fee as a retainer
1-35 for a claim on future services in case of need, as distinguished
1-36 from a fee for services on a matter specified at the time of
1-37 contracting for or receiving the fee, if professional or
1-38 occupational services are not actually performed during the
1-39 reporting period equal to or in excess of the amount of the
1-40 retainer, and the category of the amount of the fee;

1-41 (2) identification by name and the category of the
1-42 number of shares of stock of any business entity held or acquired,
1-43 and if sold, the category of the amount of net gain or loss realized
1-44 from the sale;

1-45 (3) a list of all bonds, notes, and other commercial
1-46 paper held or acquired, and if sold, the category of the amount of
1-47 net gain or loss realized from the sale;

1-48 (4) identification of each source and the category of
1-49 the amount of income in excess of \$500 derived from each source from
1-50 interest, dividends, royalties, and rents;

1-51 (5) identification of each guarantor of a loan and
1-52 identification of each person or financial institution to whom a
1-53 personal note or notes or lease agreement for a total financial
1-54 liability in excess of \$1,000 existed at any time during the year
1-55 and the category of the amount of the liability;

1-56 (6) identification by description of all beneficial
1-57 interests in real property and business entities held or acquired,
1-58 and if sold, the category of the amount of the net gain or loss
1-59 realized from the sale;

1-60 (7) identification of a person or other organization

from which the individual or the individual's spouse or dependent children received a gift of anything of value in excess of \$250 and a description of each gift, except:

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

(B) a political contribution that was reported as required by Chapter 254, Election Code; and

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

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

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

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

(12) any corporation, firm, partnership, limited partnership, limited liability partnership, professional corporation, professional association, joint venture, or other business association, excluding a publicly held corporation, in which both the individual and a person registered under Chapter 305 have an interest;

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

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

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

(B) the date the trust was created;

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

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

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

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

(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 the contract:

(A) for the sale of goods or services in the amount of \$2,500 or more;

(B) to which the individual, the individual's spouse, the individual's dependent child, or any business entity of which the individual, the individual's spouse, or the individual's

dependent child has at least a 50 percent ownership interest is a party; and

(C) with:

(i) a governmental entity; or
 (ii) a person who contracts with a governmental entity, if the individual or entity described by Paragraph (B) performs work arising out of the contract, subcontract, or agreement between the person and the governmental entity for a fee; and

(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), identification of the following for each issuance for which the individual served as bond counsel:

(A) the amount of the issuance;
 (B) the name of the issuer;
 (C) the date of the issuance;
 (D) the amount of fees paid to the individual, and whether the amount is:

(i) less than \$5,000;
 (ii) at least \$5,000 but less than \$10,000;
 (iii) at least \$10,000 but less than \$25,000; or

(iv) \$25,000 or more; and
 (E) the amount of fees paid to the individual's firm, if applicable, and whether the amount is:

(i) less than \$5,000;
 (ii) at least \$5,000 but less than \$10,000;
 (iii) at least \$10,000 but less than \$25,000; or

(iv) \$25,000 or more.

(e) In this section, "governmental entity" means this state, a political subdivision of the state, or an agency or department of the state or a political subdivision of the state.

(f) 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.

SECTION 2. Section 572.0252, Government Code, is amended to read as follows:

Sec. 572.0252. INFORMATION ABOUT LEGAL REFERRALS. (a) In this section, "referral for compensation" means the referral of a legal matter by an attorney to another attorney under which the attorney receiving the compensation is not responsible for performing any legal work relating to the matter. The term does not include compensation for acting as co-counsel, of counsel, or local counsel.

(b) This section applies only to a referral made to or received from a person if during the period covered by the financial statement the total amount of compensation for all referrals made to or received from that person exceeds \$2,500.

(c) A state officer who is an attorney shall report on the financial statement:

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

(2) the date the referral is made or received;

(3) the style of the case referred, if applicable; and

(4) the percentage of the legal fee paid or received that was agreed to between the parties to the referral as the referral fee or, if the referral fee is not determined as a percentage of the legal fee, the agreed amount of the fee paid or received ~~[the category of the amount of any fee accepted for making a referral for legal services]~~.

SECTION 3. Subchapter B, Chapter 572, Government Code, is amended by adding Section 572.0295 to read as follows:

Sec. 572.0295. AMENDMENT OF FINANCIAL STATEMENT. (a) A person who files a financial statement under this chapter may amend the person's statement.

(b) A financial statement that is amended is considered to have been filed on the date on which the original statement was filed if:

(1) the amendment is made on or before the 14th day after the date the person filing the statement learns of an error or omission in the original statement;

(2) the original financial statement was made in good faith and without an intent to mislead or to misrepresent the information contained in the statement; and

(3) the person filing the amendment accompanies the amendment with a declaration that:

(A) the person became aware of the error or omission in the original statement during the preceding 14 days; and

(B) the original statement was made in good faith and without intent to mislead or to misrepresent the information contained in the statement.

SECTION 4. The changes in law made by this Act to Subchapter B, Chapter 572, Government Code, apply only to a financial statement filed under Subchapter B, Chapter 572, Government Code, as amended by this Act, on or after January 8, 2019. A financial statement filed before January 8, 2019, is governed by the law in effect on the date of filing, and the former law is continued in effect for that purpose.

SECTION 5. This Act takes effect January 8, 2019.

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