

1-1 By: Taylor of Collin, et al. S.B. No. 14
1-2 (In the Senate - Filed January 25, 2017; January 25, 2017,
1-3 read first time and referred to Committee on State Affairs;
1-4 February 2, 2017, reported favorably by the following vote:
1-5 Yeas 9, Nays 0; February 2, 2017, sent to printer.)

1-6 COMMITTEE VOTE

1-7		Yea	Nay	Absent	PNV
1-8	Huffman	X			
1-9	Hughes	X			
1-10	Birdwell	X			
1-11	Creighton	X			
1-12	Estes	X			
1-13	Lucio	X			
1-14	Nelson	X			
1-15	Schwertner	X			
1-16	Zaffirini	X			

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to the ethics of public officers and related requirements;
1-20 creating criminal offenses.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 ARTICLE 1. PENSION REVOCATION; LOSS OF LEGISLATIVE OFFICE

1-23 SECTION 1.01. Chapter 810, Government Code, is amended by
1-24 adding Section 810.002 to read as follows:

1-25 Sec. 810.002. CERTAIN ELECTED OFFICIALS INELIGIBLE FOR
1-26 RETIREMENT ANNUITY. (a) In this section:

1-27 (1) "Governing body of a public retirement system" and
1-28 "public retirement system" have the meanings assigned by Section
1-29 802.001.

1-30 (2) "Qualifying felony" means any felony involving:

1-31 (A) bribery;

1-32 (B) the embezzlement, extortion, or other theft
1-33 of public money;

1-34 (C) perjury;

1-35 (D) coercion of public servant or voter;

1-36 (E) tampering with governmental record;

1-37 (F) misuse of official information;

1-38 (G) conspiracy or the attempt to commit any of
1-39 the offenses described by Paragraphs (A)-(F); or

1-40 (H) abuse of official capacity.

1-41 (b) This section applies only to a person who is:

1-42 (1) a member of the elected class of the Employees
1-43 Retirement System of Texas as described by Section 812.002(a)(1) or
1-44 (2); or

1-45 (2) otherwise eligible for membership in a public
1-46 retirement system wholly or partly because the person held an
1-47 elected office.

1-48 (c) Except as provided by Subsection (d), a member of a
1-49 public retirement system is not eligible to receive a service
1-50 retirement annuity under the retirement system if the member is
1-51 convicted of a qualifying felony committed while in office and
1-52 arising directly from the official duties of that elected office.

1-53 (d) The retirement system shall suspend payments of an
1-54 annuity to a person ineligible to receive the annuity under
1-55 Subsection (c). A person whose conviction is overturned on appeal
1-56 or who meets the requirements for innocence under Section
1-57 103.001(a)(2), Civil Practice and Remedies Code:

1-58 (1) is entitled to receive an amount equal to the
1-59 accrued total of payments and interest earned on the payments
1-60 withheld during the suspension period; and

1-61 (2) may resume receipt of annuity payments on payment

to the retirement system of an amount equal to the contributions refunded to the person under Subsection (e).

(e) A member who is ineligible to receive a service retirement annuity under Subsection (c) is entitled to a refund of the member's service retirement annuity contributions, including interest earned on those contributions.

(f) Benefits payable to an alternate payee under Chapter 804 who is recognized by a domestic relations order established before January 8, 2019, are not affected by a member's ineligibility to receive a service retirement annuity under Subsection (c).

(g) On conviction of a member for a qualifying felony, a court may, in the interest of justice and in the same manner as in a divorce proceeding, award half of the service retirement annuity forfeited by the member as the separate property of an innocent spouse if the annuity is partitioned or exchanged by written agreement of the spouses as provided by Subchapter B, Chapter 4, Family Code. The amount awarded to the innocent spouse may not be converted to community property.

(h) Ineligibility for a service retirement annuity under this section does not impair a person's right to any other retirement benefit for which the person is eligible.

(i) The governing body of a public retirement system shall adopt rules and procedures to implement this section.

SECTION 1.02. Chapter 601, Government Code, is amended by adding Section 601.011 to read as follows:

Sec. 601.011. VACANCY ON FINAL FELONY CONVICTION OF MEMBER OF LEGISLATURE, GOVERNOR, OR STATE ELECTED OFFICIAL. A member of the legislature, the governor, or a state elected official convicted of a felony vacates the member's, governor's, or official's office on the date the conviction becomes final.

ARTICLE 2. DISCLOSURE REQUIREMENTS

SECTION 2.01. Section 572.023, Government Code, is amended by amending Subsection (b) and adding Subsections (e) and (f) to read as follows:

(b) The account of financial activity consists of:

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

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

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

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

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

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

(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, in accordance with the contract between the person contracting with the governmental entity and the individual or entity described by Paragraph (B); 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 2.02. Section 572.0252, Government Code, is amended to read as follows:

Sec. 572.0252. INFORMATION ABOUT LEGAL REFERRALS. 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]~~.

ARTICLE 3. REPORTING OF LOBBYIST EXPENDITURES

SECTION 3.01. Section 305.0061, Government Code, is amended by amending Subsections (a), (b), and (c) and adding Subsection (h) to read as follows:

(a) If a registrant or a person on the registrant's behalf and with the registrant's consent or ratification makes expenditures that exceed 30 ~~[60]~~ percent of the amount of the legislative per diem in a day for transportation or lodging for a member of the legislative or executive branch or for the immediate family of a member of the legislative or executive branch, the registrant shall also state the following on the report filed under Section 305.006:

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

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

(3) the purpose of the transportation or lodging.

(b) If a registrant or a person on the registrant's behalf and with the registrant's consent or ratification makes expenditures that exceed 30 ~~[60]~~ percent of the amount of the legislative per diem in a day for food and beverages for a member of the legislative or executive branch or for the immediate family of a member of the legislative or executive branch or makes expenditures

that exceed 30 ~~60~~ percent of the amount of the legislative per diem in a day for entertainment for a member of the legislative or executive branch or for the immediate family of a member of the legislative or executive branch, the registrant shall also state the following on the report filed under Section 305.006:

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

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

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

(c) If a registrant or a person on the registrant's behalf and with the registrant's consent or ratification gives to a member of the legislative or executive branch, or to the immediate family of a member of the legislative or executive branch, a gift or an award or memento, the value of which exceeds \$50 per gift, award, or memento, the registrant shall also state the following on the report filed under Section 305.006:

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

(2) a general description of the gift, award, or memento; and

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

(h) If more than one registrant or persons acting on behalf of more than one registrant and with each registrant's consent or ratification collaborate to make an expenditure described by Section 305.006(b) together, each registrant shall report the total value of the shared expenditure as required by Subsection (a), (b), or (c), if the total value of the shared expenditure exceeds the amount provided under Subsection (a), (b), or (c).

SECTION 3.02. Section 305.024(a), Government Code, as amended by Chapters 92 (S.B. 1011) and 206 (H.B. 1508), Acts of the 79th Legislature, Regular Session, 2005, is reenacted and amended to read as follows:

(a) Except as provided by Section 305.025, a person registered under Section 305.005 or a person on the registrant's behalf and with the registrant's consent or ratification may not offer, confer, or agree to confer:

(1) to an individual described by Section 305.0062(a)(1), (2), (3), (4), or (5):

(A) a loan, including the guarantee or endorsement of a loan; or

(B) a gift of cash or a negotiable instrument as described by Section 3.104, Business & Commerce Code; or

(2) to an individual described by Section 305.0062(a)(1), (2), (3), (4), (5), (6), or (7):

(A) an expenditure for transportation and lodging;

(B) an expenditure or series of expenditures for entertainment that in the aggregate exceed \$500 in a calendar year;

(C) an expenditure or series of expenditures for gifts that in the aggregate exceed \$500 in a calendar year;

(D) an expenditure for an award or memento that exceeds \$500; or

(E) an expenditure described by Section 305.006(b)(1), (2), (3), or (6) unless:

(i) ~~(A)~~ the registrant is present at the event; or

(ii) ~~(B)~~ the expenditure is for a gift of food or beverages required to be reported under Section 305.006(b)(4) in accordance with Section 305.0061(e-1).

SECTION 3.03. Section 305.024, Government Code, is amended by adding Subsection (d) to read as follows:

(d) The registrant shall notify a member of the legislative or executive branch when the registrant has reported, as to that member of the legislative or executive branch, expenditures that, in the aggregate, equal the monetary limits for expenditures under Subsection (a)(2).

SECTION 3.04. Section 305.031(a), Government Code, is

6-1 amended to read as follows:

6-2 (a) A person commits an offense if the person intentionally
6-3 or knowingly violates a provision of this chapter other than
6-4 Section 305.022, 305.024(d), or 305.028. An offense under this
6-5 subsection is a Class A misdemeanor.

6-6 SECTION 3.05. Section 305.024(c), Government Code, is
6-7 repealed.

6-8 ARTICLE 4. ELECTED OFFICIALS PROHIBITED FROM LOBBYING

6-9 SECTION 4.01. Section 141.001, Election Code, is amended by
6-10 amending Subsection (a) and adding Subsections (e) and (f) to read
6-11 as follows:

6-12 (a) To be eligible to be a candidate for, or elected or
6-13 appointed to, a public elective office in this state, a person must:

6-14 (1) be a United States citizen;

6-15 (2) be 18 years of age or older on the first day of the
6-16 term to be filled at the election or on the date of appointment, as
6-17 applicable;

6-18 (3) have not been determined by a final judgment of a
6-19 court exercising probate jurisdiction to be:

6-20 (A) totally mentally incapacitated; or

6-21 (B) partially mentally incapacitated without the
6-22 right to vote;

6-23 (4) have not been finally convicted of a felony from
6-24 which the person has not been pardoned or otherwise released from
6-25 the resulting disabilities;

6-26 (5) have resided continuously in the state for 12
6-27 months and in the territory from which the office is elected for six
6-28 months immediately preceding the following date:

6-29 (A) for a candidate whose name is to appear on a
6-30 general primary election ballot, the date of the regular filing
6-31 deadline for a candidate's application for a place on the ballot;

6-32 (B) for an independent candidate, the date of the
6-33 regular filing deadline for a candidate's application for a place
6-34 on the ballot;

6-35 (C) for a write-in candidate, the date of the
6-36 election at which the candidate's name is written in;

6-37 (D) for a party nominee who is nominated by any
6-38 method other than by primary election, the date the nomination is
6-39 made; and

6-40 (E) for an appointee to an office, the date the
6-41 appointment is made;

6-42 (6) on the date described by Subdivision (5), be
6-43 registered to vote in the territory from which the office is
6-44 elected; ~~and~~

6-45 (7) not be required to be registered as a lobbyist
6-46 under Chapter 305, Government Code; and

6-47 (8) satisfy any other eligibility requirements
6-48 prescribed by law for the office.

6-49 (e) Except as restricted by Section 7.103(c), Education
6-50 Code, if applicable, Subsection (a)(7) does not apply to:

6-51 (1) an office of a political subdivision with a
6-52 population of 150,000 or less, other than the office of presiding
6-53 officer of the governing body of the political subdivision,
6-54 provided that the officeholder does not receive a salary or wage for
6-55 that office; or

6-56 (2) the office of the presiding officer of the
6-57 governing body of a political subdivision with a population of
6-58 50,000 or less, provided that the presiding officer does not
6-59 receive a salary or wage for that office.

6-60 (f) For purposes of Subsection (e), a presiding officer or
6-61 other officeholder is not considered to have received a salary or
6-62 wage if the officeholder refuses to accept a salary or wage offered
6-63 or budgeted for that office.

6-64 SECTION 4.02. Subchapter A, Chapter 305, Government Code,
6-65 is amended by adding Section 305.0031 to read as follows:

6-66 Sec. 305.0031. CERTAIN ELECTED OFFICERS MAY NOT REGISTER.

6-67 (a) A member of Congress, a member of the legislature, or a holder
6-68 of a statewide office may not register under this chapter.

6-69 (b) A registration under this chapter expires on the date a

person takes office as a member of Congress, a member of the legislature, or a holder of a statewide office.

SECTION 4.03. Chapter 601, Government Code, is amended by adding Section 601.010 to read as follows:

Sec. 601.010. ELECTED OFFICER MAY NOT BE REGISTERED LOBBYIST. (a) A person may not qualify for a public elective office if the person is required to be registered as a lobbyist under Chapter 305.

(b) Except as restricted by Section 7.103(c), Education Code, if applicable, Subsection (a) does not apply to:

(1) an office for which the federal or state constitution prescribes exclusive qualification requirements;

(2) an office of a political subdivision with a population of 150,000 or less, other than the office of presiding officer of the governing body of the political subdivision, provided that the officeholder does not receive a salary or wage for that office; or

(3) the office of the presiding officer of the governing body of a political subdivision with a population of 50,000 or less, provided that the presiding officer does not receive a salary or wage for that office.

(c) For purposes of Subsection (b), a presiding officer or other officeholder is not considered to have received a salary or wage if the officeholder refuses to accept a salary or wage offered or budgeted for that office.

ARTICLE 5. CLOSING REVOLVING DOOR

SECTION 5.01. Subchapter C, Chapter 572, Government Code, is amended by adding Section 572.062 to read as follows:

Sec. 572.062. FORMER LEGISLATOR: LOBBYING RESTRICTED; CRIMINAL OFFENSE. (a) In this section:

(1) "Administrative action," "communicates directly with," "legislation," "member of the executive branch," and "member of the legislative branch" have the meanings assigned by Section 305.002.

(2) "Legislative cycle" means the two-year period beginning on the first day of a regular legislative session and ending on the day before the first day of the succeeding regular legislative session.

(b) Except as provided by Subsection (c), a former member of the legislature may not engage in activities that require registration under Chapter 305 before the end of the legislative cycle following the legislative cycle in which the former member last served as a member of the legislature.

(c) Subsection (b) does not apply to a former member of the legislature who does not receive compensation other than reimbursement for actual expenses for communicating directly with a member of the legislative or executive branch to influence legislation or administrative action.

(d) A former member of the legislature who violates this section commits an offense. An offense under this section is a Class A misdemeanor.

ARTICLE 6. PROHIBITION ON CERTAIN USES OF CAMPAIGN ACCOUNT

SECTION 6.01. Subchapter B, Chapter 305, Government Code, is amended by adding Section 305.029 to read as follows:

Sec. 305.029. EXPENDITURES FROM POLITICAL CONTRIBUTIONS RESTRICTED. (a) In this section, "political contribution" has the meaning assigned by Section 251.001, Election Code.

(b) Notwithstanding any other provision of law, a person required to register under this chapter may not, before the second anniversary of the date the last term for which the person was elected ends, knowingly make or authorize an expenditure under this chapter from political contributions accepted by the person as a candidate or officeholder.

ARTICLE 7. TRANSITION; EFFECTIVE DATE

SECTION 7.01. (a) Section 141.001(a), Election Code, as amended by this Act, and Section 601.010, Government Code, as added by this Act, apply only to the eligibility and qualification requirements for a candidate or officer whose term of office will begin on or after the effective date of this Act. The eligibility

8-1 and qualification requirements for a candidate or officer whose
8-2 term of office will begin before the effective date of this Act are
8-3 governed by the law in effect immediately before the effective date
8-4 of this Act, and the former law is continued in effect for that
8-5 purpose.

8-6 (b) The changes in law made by this Act to Sections
8-7 305.0061, 305.024, and 305.031, Government Code, apply only to a
8-8 gift, award, or memento given to or expenditures for
8-9 transportation, lodging, food, beverages, or entertainment made
8-10 for a member of the legislative or executive branch or the immediate
8-11 family of a member of the legislative or executive branch on or
8-12 after the effective date of this Act. A gift, award, or memento
8-13 given to or an expenditure for transportation, lodging, food,
8-14 beverages, or entertainment made for a member of the legislative or
8-15 executive branch or the immediate family of a member of the
8-16 legislative or executive branch before the effective date of this
8-17 Act is governed by the law in effect on the date the gift, award, or
8-18 memento was given, or the date the expenditure for transportation,
8-19 lodging, food, beverages, or entertainment was made, and the former
8-20 law is continued in effect for that purpose.

8-21 (c) Section 305.029, Government Code, as added by this Act,
8-22 applies to a political contribution, political expenditure, or
8-23 lobbying expenditure made on or after January 8, 2019, from funds
8-24 accepted as a political contribution, regardless of the date the
8-25 funds were accepted.

8-26 (d) The changes in law made by this Act to Subchapter B,
8-27 Chapter 572, Government Code, apply only to a financial statement
8-28 filed under Subchapter B, Chapter 572, Government Code, as amended
8-29 by this Act, on or after January 8, 2019. A financial statement
8-30 filed before January 8, 2019, is governed by the law in effect on
8-31 the date of filing, and the former law is continued in effect for
8-32 that purpose.

8-33 (e) Section 572.062, Government Code, as added by this Act,
8-34 applies only to a member of the legislature who ceases to be a
8-35 member on or after the effective date of this Act.

8-36 (f) Section 810.002, Government Code, as added by this Act,
8-37 applies only to a member of a public retirement system who holds or
8-38 has held elected office and, on or after the effective date of this
8-39 Act, commits an offense that is a qualifying felony as defined by
8-40 that section. A person who commits a qualifying felony before the
8-41 effective date of this Act is subject to the law in effect on the
8-42 date the offense was committed, and the former law is continued in
8-43 effect for that purpose. For purposes of this subsection, an
8-44 offense was committed before the effective date of this Act if any
8-45 element of the offense occurred before that date.

8-46 SECTION 7.02. This Act takes effect January 8, 2019.

8-47 * * * * *