

SENATE AMENDMENTS

2nd Printing

By: Capriglione, Button, González of El Paso,
Fallon

H.B. No. 501

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the disclosure of certain contracts, agreements,
3 services, and compensation in personal financial statements filed
4 by public officers and candidates.

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

6 SECTION 1. Section 572.023, Government Code, is amended by
7 amending Subsection (b) and adding Subsections (e), (f), and (g) to
8 read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

6 (9) identification:

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

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

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

1 (11) identification of any person providing
2 transportation, meals, or lodging expenses permitted under Section
3 36.07(b), Penal Code, and the amount of those expenses, other than
4 expenditures required to be reported under Chapter 305;

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

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

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

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

19 (B) the date the trust was created;

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

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

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

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

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

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

8 (B) to which the individual, the individual's
9 spouse, the individual's dependent child, or any business entity of
10 which the individual, the individual's spouse, or the individual's
11 dependent child, independently or in conjunction with one or more
12 persons described by this subsection, has at least a 50 percent
13 ownership interest is a party; and

14 (C) with:

15 (i) a governmental entity; or

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

21 (16) if the individual is a member of the legislature
22 and provides bond counsel services to an issuer, as defined by
23 Section 1201.002(1), identification of the following for each
24 issuance for which the individual served as bond counsel:

25 (A) the amount of the issuance;

26 (B) the name of the issuer;

27 (C) the date of the issuance;

1 (D) the amount of fees paid to the individual,
2 and whether the amount is:

- 3 (i) less than \$5,000;
4 (ii) at least \$5,000 but less than \$10,000;
5 (iii) at least \$10,000 but less than
6 \$25,000; or
7 (iv) \$25,000 or more; and

8 (E) the amount of fees paid to the individual's
9 firm, if applicable, and whether the amount is:

- 10 (i) less than \$5,000;
11 (ii) at least \$5,000 but less than \$10,000;
12 (iii) at least \$10,000 but less than
13 \$25,000; or
14 (iv) \$25,000 or more.

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

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

21 (g) An individual who complies with any applicable
22 requirements of Sections 51.954 and 51.955, Education Code, and
23 Section 2252.908 of this code, in an individual capacity or as a
24 member or employee of an entity to which those sections apply, is
25 not required to include in the account of financial activity the
26 information described by Subsection (b)(15) unless specifically
27 requested by the commission to include the information.

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

3 Sec. 572.0252. INFORMATION ABOUT REFERRALS. (a) A state
4 officer [~~who is an attorney~~] shall report on the financial
5 statement, unless otherwise confidential or privileged:

6 (1) agreements with a governmental entity, as defined
7 by Section 572.023(e), for making or receiving any referral for
8 compensation for [~~legal~~] services, if the state officer personally
9 enters into the agreement or directly performs the services; [~~and~~]

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

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

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

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

21 SECTION 3. The changes in law made by this Act to Section
22 572.0252, Government Code, apply only to an agreement for making or
23 receiving a referral entered into on or after the effective date of
24 this Act. An agreement entered into before the effective date of
25 this Act is governed by the law in effect when the agreement was
26 entered into, and the former law is continued in effect for that
27 purpose.

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

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

ADOPTED

MAY 22 2017

Atalay Spaw
Secretary of the Senate

By: Capriglione / Taylor, Van H.B. No. 501
Substitute the following for H.B. No. 501:
By: *[Signature]* C.S. H.B. No. 501

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1 AN ACT

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4 officers and candidates.

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7 amending Subsection (b) and adding Subsections (e) and (f) to read
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12 occupation, including identification of a person or other
13 organization from which the individual or a business in which the
14 individual has a substantial interest received a fee as a retainer
15 for a claim on future services in case of need, as distinguished
16 from a fee for services on a matter specified at the time of
17 contracting for or receiving the fee, if professional or
18 occupational services are not actually performed during the
19 reporting period equal to or in excess of the amount of the
20 retainer, and the category of the amount of the fee;

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

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

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

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

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

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

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

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

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

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

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

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

22 (11) identification of any person providing
23 transportation, meals, or lodging expenses permitted under Section
24 36.07(b), Penal Code, and the amount of those expenses, other than
25 expenditures required to be reported under Chapter 305;

26 (12) any corporation, firm, partnership, limited
27 partnership, limited liability partnership, professional

1 corporation, professional association, joint venture, or other
2 business association, excluding a publicly held corporation, in
3 which both the individual and a person registered under Chapter 305
4 have an interest;

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

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

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

13 (B) the date the trust was created;

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

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

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

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

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

27 (A) for the sale of goods or services in the

1 amount of \$2,500 or more;

2 (B) to which the individual, the individual's
3 spouse, the individual's dependent child, or any business entity of
4 which the individual, the individual's spouse, or the individual's
5 dependent child has at least a 50 percent ownership interest is a
6 party; and

7 (C) with:

8 (i) a governmental entity; or

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

14 (16) if the individual is a member of the legislature
15 and provides bond counsel services to an issuer, as defined by
16 Section 1201.002(1), identification of the following for each
17 issuance for which the individual served as bond counsel:

18 (A) the amount of the issuance;

19 (B) the name of the issuer;

20 (C) the date of the issuance;

21 (D) the amount of fees paid to the individual,
22 and whether the amount is:

23 (i) less than \$5,000;

24 (ii) at least \$5,000 but less than \$10,000;

25 (iii) at least \$10,000 but less than
26 \$25,000; or

27 (iv) \$25,000 or more; and

1 (E) the amount of fees paid to the individual's
2 firm, if applicable, and whether the amount is:

3 (i) less than \$5,000;

4 (ii) at least \$5,000 but less than \$10,000;

5 (iii) at least \$10,000 but less than
6 \$25,000; or

7 (iv) \$25,000 or more.

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

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

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

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

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

27 (c) A state officer who is an attorney shall report on the

1 financial statement:

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

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

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

6 (4) the percentage of the legal fee paid or received

7 that was agreed to between the parties to the referral as the

8 referral fee or, if the referral fee is not determined as a

9 percentage of the legal fee, the agreed amount of the fee paid or

10 received ~~[the category of the amount of any fee accepted for making~~

11 ~~a referral for legal services]~~.

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

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

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

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

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

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

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

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

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

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 22, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB501 by Capriglione (Relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.),
As Passed 2nd House

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Government Code and the Election Code relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

Based on information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing the bill could be absorbed within existing resources.

The bill would take effect January 8, 2019 and would apply to financial statements filed on or after January 8, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 356 Texas Ethics Commission

LBB Staff: UP, SD, KK, NV, GGo, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 19, 2017

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB501 by Capriglione (Relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.),
Committee Report 2nd House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code and the Election Code relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

Based on information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing the bill could be absorbed within existing resources.

The bill would take effect January 8, 2019 and would apply to financial statements filed on or after January 8, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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LBB Staff: UP, KK, NV, GGo, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 14, 2017

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB501 by Capriglione (Relating to the disclosure of certain contracts, agreements, services, and compensation in personal financial statements filed by public officers and candidates.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code and the Election Code relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

Based on information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing the bill could be absorbed within existing resources.

The bill would take effect January 8, 2019 and would apply to financial statements filed on or after January 8, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 356 Texas Ethics Commission

LBB Staff: UP, AG, NV, GGo, KK, WP

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 18, 2017

TO: Honorable Sarah Davis, Chair, House Committee on General Investigating & Ethics

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB501 by Capriglione (relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.),
Committee Report 1st House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code and the Election Code relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

Based on information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing the bill could be absorbed within existing resources.

The bill would take effect January 8, 2019 and would apply to financial statements filed on or after January 8, 2019.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 356 Texas Ethics Commission

LBB Staff: UP, KK, WP, GGo, NV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 6, 2017

TO: Honorable Sarah Davis, Chair, House Committee on General Investigating & Ethics

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB501 by Capriglione (Relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.),
As Introduced

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code and the Election Code relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

Based on information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing the bill could be absorbed within existing resources.

The bill would take effect January 8, 2019 and would apply to financial statements filed on or after January 8, 2019.

Local Government Impact

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