

## **BILL ANALYSIS**

C.S.H.B. 23  
By: Davis, Sarah  
General Investigating & Ethics  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Current law requires disclosure of information concerning certain local government officers and vendors when engaged in procurement activities. Recent legislation, interested parties note, established a select interim committee to study and review statutes and regulations related to ethics, including campaign finance laws, lobby laws, and personal financial disclosure laws. The disclosure law for local government officers, the parties note, appeared to fall within this general charge. Designed to disclose business and financial relationships between local public officials and potential vendors, the law addresses lobby efforts at the local level, the disclosure by public officials of certain business interests, and whether campaign contributions trigger disclosure, but does so, the parties suggest, insufficiently. C.S.H.B. 23 seeks to build on this framework for ethics in the local contracting process to better mirror the system in place at the state level.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill expressly does one or more of the following: creates a criminal offense, increases the punishment for an existing criminal offense or category of offenses, or changes the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 23 amends the Local Government Code to establish provisions relating to the disclosure of certain relationships between local government officers and vendors. The bill revises the definition of "local government officer" to replace the category of local government officer that consists of an employee of a local governmental entity to whom the entity has extended disclosure requirements with a category consisting of an agent of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor and specifies that the term "agent" includes an employee. The bill defines "vendor" as a person who enters or seeks to enter into a contract with a local governmental entity, and includes in the term a person who seeks to influence, on behalf of a vendor, the contract award made by a local governmental entity, or is an agent of a vendor and specifies that the term includes a state agency officer or employee when that individual is acting in a private capacity to enter into a contract but does not include a state agency except for Texas Correctional Industries. The bill removes an exception to the meaning of "family member" that excludes a person whose relationship by affinity to another person through marriage otherwise would be terminated by divorce or the death of a spouse but for whom such marriage is considered to continue as long as a child of that marriage lives. The bill defines "family relationship" as a relationship between a person and another person within the third degree of consanguinity or the second degree of affinity. The bill adds certain water districts to the definition of "local governmental entity." The

bill defines "gift" as a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest, but excludes from the term a benefit offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient by a local government officer or a family member of the officer to another local government officer of the same local governmental entity or a family member of that officer, or by a vendor or a family member of the vendor to another vendor of the same local governmental entity or a family member of that vendor.

C.S.H.B. 23 clarifies that statutory provisions relating to the disclosure of certain relationships with local government officers and providing public access to certain related information apply to a vendor or a local government officer of a local governmental entity. The bill decreases from \$250 to \$100 the aggregate value of gifts from a vendor to a local government officer or a family member of the officer that, under certain circumstances, triggers a requirement for the local government officer to file a conflicts disclosure statement with respect to such vendor. The bill requires a local government officer to file a conflicts disclosure statement with respect to a vendor if the vendor has a family relationship with the local government officer. The bill removes exceptions to the requirement to file a conflicts disclosure statement in relation to a gift accepted by an officer or a family member of the officer for gifts that are given by a family member of the recipient or for lodging, transportation, or entertainment accepted as a guest. The bill establishes that a local government officer is not required to file a conflicts disclosure statement if the applicable local governmental entity or vendor is an administrative agency created to supervise the performance of an interlocal contract.

C.S.H.B. 23 requires a vendor to file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and either the vendor has a family relationship with a local government officer of that entity or the amount of a contract that is executed or is under consideration between the vendor and that entity exceeds \$1 million. The bill lowers from 10 percent to one percent the minimum ownership interest in a corporation or other business entity that is held by a local government officer of a local governmental entity that triggers a vendor disclosure requirement in a conflict of interest questionnaire with respect to the vendor's employment or business relationship with such a corporation or business entity. The bill requires a person who is both a local government officer and a vendor of a local governmental entity to file a conflict of interest questionnaire, but only if the person enters or seeks to enter into a contract with the local governmental entity or if the person is an agent of a person who enters or seeks to enter into a contract with the local governmental entity.

C.S.H.B. 23 makes it an offense for a local government officer required to file a conflicts disclosure statement to knowingly fail to file such a statement with the appropriate records administrator by a specified time. The bill makes it an offense for a vendor required to file a conflict of interest questionnaire to knowingly fail to file the required questionnaire, or a required update to a questionnaire, as appropriate, with the appropriate records administrator by a specified time. The bill establishes penalties for these offenses ranging from a Class C misdemeanor to a Class A misdemeanor depending on the contract amount in question. The bill makes it a Class C misdemeanor offense if there is no contract amount. The bill authorizes a local governmental entity to reprimand, suspend, or terminate the employment of an employee who knowingly fails to comply with a requirement adopted under statutory provisions relating to the disclosure of certain relationships with local government officers and providing public access to certain related information. The bill authorizes the governing body of a local governmental entity, at its discretion, to declare a contract void if the governing body determines that a violation of such provisions has occurred. The bill repeals a provision establishing that a local governmental entity does not have a duty to ensure that a vendor files a conflict of interest questionnaire.

C.S.H.B. 23 requires the Texas Ethics Commission to adopt forms to implement the bill's provisions as soon as practicable after the bill's effective date.

C.S.H.B. 23 repeals the following provisions of the Local Government Code:

- Sections 176.003(c) and (d)
- Section 176.005
- Sections 176.006(f), (g), and (h)
- Section 176.007

**EFFECTIVE DATE**

September 1, 2015.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 23 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

**INTRODUCED**

SECTION 1. Section 176.001, Local Government Code, is amended by amending Subdivisions (1), (2), (2-a), (2-b), (3), and (4) and adding Subdivisions (2-c), (2-d), and (7) to read as follows:

(1) "Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee.

(2) "Family member" means a person related to another person within the first degree by consanguinity or affinity, as described by Subchapter B, Chapter 573, Government Code~~[-, except that the term does not include a person who is considered to be related to another person by affinity only as described by Section 573.024(b), Government Code].~~

(2-a) "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.

(2-b) "Gift" means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest.

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Section 176.001, Local Government Code, is amended by amending Subdivisions (1), (2), (2-a), (2-b), (3), and (4) and adding Subdivisions (2-c), (2-d), and (7) to read as follows:

(1) "Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee.

(2) "Family member" means a person related to another person within the first degree by consanguinity or affinity, as described by Subchapter B, Chapter 573, Government Code~~[-, except that the term does not include a person who is considered to be related to another person by affinity only as described by Section 573.024(b), Government Code].~~

(2-a) "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.

(2-b) "Gift" means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest. The term does not include a benefit offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient by:

(A) a local government officer or a family member of the officer to another local

(2-c) "Goods" means personal property.

(2-d) [(2-b)] "Investment income" means dividends, capital gains, or interest income generated from:

(A) a personal or business:

(i) checking or savings account;

(ii) share draft or share account; or

(iii) other similar account;

(B) a personal or business investment; or

(C) a personal or business loan.

(3) "Local governmental entity" means a county, municipality, school district, charter school, junior college district, water district created under Subchapter B, Chapter 49, Water Code, or other political subdivision of this state or a local government corporation, board, commission, district, or authority to which a member is appointed by the commissioners court of a county, the mayor of a municipality, or the governing body of a municipality. The term does not include an association, corporation, or organization of governmental entities organized to provide to its members education, assistance, products, or services or to represent its members before the legislative, administrative, or judicial branches of the state or federal government.

(4) "Local government officer" means:

(A) a member of the governing body of a local governmental entity;

(B) a director, superintendent, administrator, president, or other person designated as the executive officer of a ~~the~~ local governmental entity; or

(C) an agent [employee] of a local governmental entity who is involved in the planning, advertising, selecting, or contracting of a vendor [with respect to whom the local governmental entity has, in accordance with Section 176.005, extended the requirements of Sections 176.003 and 176.004].

(7) "Vendor" means a person who enters or seeks to enter into a contract with a local governmental entity, seeks to influence the contract award made by a local governmental entity, or is an agent of a

government officer of the same local governmental entity or a family member of that officer; or

(B) a vendor or a family member of the vendor to another vendor of the same local governmental entity or a family member of that vendor.

(2-c) "Goods" means personal property.

(2-d) [(2-b)] "Investment income" means dividends, capital gains, or interest income generated from:

(A) a personal or business:

(i) checking or savings account;

(ii) share draft or share account; or

(iii) other similar account;

(B) a personal or business investment; or

(C) a personal or business loan.

(3) "Local governmental entity" means a county, municipality, school district, charter school, junior college district, water district created under Subchapter B, Chapter 49, Water Code, or other political subdivision of this state or a local government corporation, board, commission, district, or authority to which a member is appointed by the commissioners court of a county, the mayor of a municipality, or the governing body of a municipality. The term does not include an association, corporation, or organization of governmental entities organized to provide to its members education, assistance, products, or services or to represent its members before the legislative, administrative, or judicial branches of the state or federal government.

(4) "Local government officer" means:

(A) a member of the governing body of a local governmental entity;

(B) a director, superintendent, administrator, president, or other person designated as the executive officer of a ~~the~~ local governmental entity; or

(C) an agent [employee] of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor [with respect to whom the local governmental entity has, in accordance with Section 176.005, extended the requirements of Sections 176.003 and 176.004].

(7) "Vendor" means a person who enters or seeks to enter into a contract with a local governmental entity. The term includes a person who seeks to influence, on behalf of a vendor, the contract award made by a local

vendor. The term includes an officer or employee of a state agency when that individual is acting in a private capacity to enter into a contract. The term does not include a state agency except for Texas Correctional Industries.

SECTION 2. The heading to Section 176.002, Local Government Code, is amended.

SECTION 3. Section 176.002(a), Local Government Code, is amended to read as follows:

- (a) This chapter applies to a person who is:
- (1) ~~a vendor [enters or seeks to enter into a contract with a local governmental entity];~~
  - or
  - (2) a local government officer [is an agent] of ~~[a person described by Subdivision (1) in the person's business with]~~ a local governmental entity.

**No equivalent provision.**

SECTION 4. Sections 176.003(a) and (a-1), Local Government Code, are amended to read as follows:

- (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor [person described by Section 176.002(a)] if:
- (1) the vendor [person] enters into a contract with the local governmental entity or the local governmental entity is considering entering into a contract with the vendor [person]; and
  - (2) the vendor [person]:
    - (A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the

governmental entity, or is an agent of a vendor. The term includes an officer or employee of a state agency when that individual is acting in a private capacity to enter into a contract. The term does not include a state agency except for Texas Correctional Industries.

SECTION 2. Same as introduced version.

SECTION 3. Sections 176.002(a) and (b), Local Government Code, are amended to read as follows:

- (a) This chapter applies to a person who is:
- (1) ~~a vendor [enters or seeks to enter into a contract with a local governmental entity];~~
  - or
  - (2) a local government officer [is an agent] of ~~[a person described by Subdivision (1) in the person's business with]~~ a local governmental entity.

- (b) A person is not subject to the disclosure requirements of this chapter if the person is:
- (1) a state, a political subdivision of a state, the federal government, or a foreign government; or
  - (2) an employee or agent of an entity described by Subdivision (1), acting in the employee's or agent's official capacity.

SECTION 4. Section 176.003, Local Government Code, is amended by amending Subsections (a) and (a-1) and adding Subsection (a-2) to read as follows:

- (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor [person described by Section 176.002(a)] if:
- (1) the vendor [person] enters into a contract with the local governmental entity or the local governmental entity is considering entering into a contract with the vendor [person]; and
  - (2) the vendor [person]:
    - (A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the

date that the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor [~~described by Subdivision (1)~~] has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor [~~person~~]; [~~or~~]

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 [~~\$250~~] in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor [~~described by Subdivision (1)~~] has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor; or

(C) has a family relationship with the local government officer [~~person~~].

(a-1) A local government officer is not required to file a conflicts disclosure statement in relation to a gift accepted by the officer or a family member of the officer if the gift is:

- (1) [~~given by a family member of the person accepting the gift;~~
- [~~2~~] a political contribution as defined by Title 15, Election Code; or
- (2) [~~3~~] food[, ~~lodging, transportation, or entertainment~~] accepted as a guest.

**No equivalent provision.**

SECTION 5. Section 176.004, Local Government Code, is transferred to Section 176.003, Local Government Code, redesignated as Section 176.003(e), Local Government Code, and amended to read as follows:

(e) [~~Sec. 176.004. CONTENTS OF DISCLOSURE STATEMENT.~~] The commission shall adopt the conflicts disclosure statement for local government officers for use under this section. The conflicts disclosure statement must include:

- (1) a requirement that each local government officer disclose:

date that the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor [~~described by Subdivision (1)~~] has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor [~~person~~]; [~~or~~]

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 [~~\$250~~] in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor [~~described by Subdivision (1)~~] has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor; or

(C) has a family relationship with the local government officer [~~person~~].

(a-1) A local government officer is not required to file a conflicts disclosure statement in relation to a gift accepted by the officer or a family member of the officer if the gift is:

- (1) [~~given by a family member of the person accepting the gift;~~
- [~~2~~] a political contribution as defined by Title 15, Election Code; or
- (2) [~~3~~] food[, ~~lodging, transportation, or entertainment~~] accepted as a guest.

(a-2) A local government officer is not required to file a conflicts disclosure statement under Subsection (a) if the local governmental entity or vendor described by that subsection is an administrative agency created under Section 791.013, Government Code.

SECTION 5. Section 176.004, Local Government Code, is transferred to Section 176.003, Local Government Code, redesignated as Section 176.003(e), Local Government Code, and amended to read as follows:

(e) [~~Sec. 176.004. CONTENTS OF DISCLOSURE STATEMENT.~~] The commission shall adopt the conflicts disclosure statement for local government officers for use under this section. The conflicts disclosure statement must include:

- (1) a requirement that each local government officer disclose:

(A) an employment or other business relationship described by Subsection (a)(2)(A) [~~Section 176.003(a)~~], including the nature and extent of the relationship; and  
(B) gifts accepted by the local government officer and any family member of the officer from a vendor [~~person described by Section 176.002(a)~~] during the 12-month period described by Subsection (a)(2)(B) [~~Section 176.003(a)(2)(B)~~] if the aggregate value of the gifts, including lodging, transportation, or entertainment [~~excluding gifts described by Section 176.003(a-1)~~], accepted by the officer or a family member from that vendor exceeds \$100 [~~person exceed \$250~~];

(2) an acknowledgment from the local government officer that:

(A) the disclosure applies to each family member of the officer; and

(B) the statement covers the 12-month period described by Subsection (a)(2)(B) [~~Section 176.003(a)~~]; and

(3) the signature of the local government officer acknowledging that the statement is made under oath under penalty of perjury.

SECTION 6. Sections 176.006(a), (a-1), (b), (c), (d), and (i), Local Government Code, are amended to read as follows:

(a) A vendor [~~person described by Section 176.002(a)~~] shall file a completed conflict of interest questionnaire if the vendor [~~person~~] has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government [~~an~~] officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A); [~~or~~]

(2) has given a local government [~~an~~] officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1);

(3) has a family relationship with a local government officer of that local governmental entity; or

(4) the amount of a contract that is either executed or under consideration between the vendor and that local governmental entity exceeds \$1 million.

(a-1) The completed conflict of interest

(A) an employment or other business relationship described by Subsection (a)(2)(A) [~~Section 176.003(a)~~], including the nature and extent of the relationship; and  
(B) gifts accepted by the local government officer and any family member of the officer from a vendor [~~person described by Section 176.002(a)~~] during the 12-month period described by Subsection (a)(2)(B) [~~Section 176.003(a)(2)(B)~~] if the aggregate value of the gifts [~~excluding gifts described by Section 176.003(a-1)~~], accepted by the officer or a family member from that vendor exceeds \$100 [~~person exceed \$250~~];

(2) an acknowledgment from the local government officer that:

(A) the disclosure applies to each family member of the officer; and

(B) the statement covers the 12-month period described by Subsection (a)(2)(B) [~~Section 176.003(a)~~]; and

(3) the signature of the local government officer acknowledging that the statement is made under oath under penalty of perjury.

SECTION 6. Section 176.006, Local Government Code, is amended by amending Subsections (a), (a-1), (b), (c), (d), and (i) and adding Subsection (e) to read as follows:

(a) A vendor [~~person described by Section 176.002(a)~~] shall file a completed conflict of interest questionnaire if the vendor [~~person~~] has a business relationship with a local governmental entity and:

(1) has an employment or other business relationship with a local government [~~an~~] officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A); [~~or~~]

(2) has given a local government [~~an~~] officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1);

(3) has a family relationship with a local government officer of that local governmental entity; or

(4) the amount of a contract that is either executed or under consideration between the vendor and that local governmental entity exceeds \$1 million.

(a-1) The completed conflict of interest

questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

- (1) the date that the vendor [~~person~~]:
    - (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
    - (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or
  - (2) the date the vendor [~~person~~] becomes aware:
    - (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a); ~~[or]~~
    - (B) that the vendor [~~person~~] has given one or more gifts described by Subsection (a); or
    - (C) of a family relationship with a local government officer.
- (b) The commission shall adopt a conflict of interest questionnaire for use under this section that requires disclosure of a vendor's [~~person's~~] business and family relationships with a local governmental entity.
- (c) The questionnaire adopted under Subsection (b) must require, for the local governmental entity with respect to which the questionnaire is filed, that the vendor [~~person~~] filing the questionnaire:
- (1) describe each employment or business and family relationship the vendor [~~person~~] has with each local government officer of the local governmental entity;
  - (2) identify each employment or business relationship described by Subdivision (1) with respect to which the local government officer receives, or is likely to receive, taxable income, other than investment income, from the vendor [~~person filing the questionnaire~~];
  - (3) identify each employment or business relationship described by Subdivision (1) with respect to which the vendor [~~person filing the questionnaire~~] receives, or is likely to receive, taxable income, other than investment income, that:
    - (A) is received from, or at the direction of, a local government officer of the local governmental entity; and
    - (B) is not received from the local

questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

- (1) the date that the vendor [~~person~~]:
    - (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
    - (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or
  - (2) the date the vendor [~~person~~] becomes aware:
    - (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a); ~~[or]~~
    - (B) that the vendor [~~person~~] has given one or more gifts described by Subsection (a); or
    - (C) of a family relationship with a local government officer.
- (b) The commission shall adopt a conflict of interest questionnaire for use under this section that requires disclosure of a vendor's [~~person's~~] business and family relationships with a local governmental entity.
- (c) The questionnaire adopted under Subsection (b) must require, for the local governmental entity with respect to which the questionnaire is filed, that the vendor [~~person~~] filing the questionnaire:
- (1) describe each employment or business and family relationship the vendor [~~person~~] has with each local government officer of the local governmental entity;
  - (2) identify each employment or business relationship described by Subdivision (1) with respect to which the local government officer receives, or is likely to receive, taxable income, other than investment income, from the vendor [~~person filing the questionnaire~~];
  - (3) identify each employment or business relationship described by Subdivision (1) with respect to which the vendor [~~person filing the questionnaire~~] receives, or is likely to receive, taxable income, other than investment income, that:
    - (A) is received from, or at the direction of, a local government officer of the local governmental entity; and
    - (B) is not received from the local



governmental entity; and  
(4) describe each employment or business relationship with a corporation or other business entity with respect to which a local government officer of the local governmental entity:  
(A) serves as an officer or director; or  
(B) holds an ownership interest of one [40] percent or more.  
(d) A vendor [~~person described by Subsection (a)~~] shall file an updated completed questionnaire with the appropriate records administrator not later than the seventh business day after the date of an event that would make a statement in the questionnaire incomplete or inaccurate.

No equivalent provision.

(i) The validity of a contract between a vendor [~~person described by Section 176.002~~] and a local governmental entity is not affected solely because the vendor [~~person~~] fails to comply with this section.

SECTION 7. Section 176.011, Local Government Code, is redesignated as 176.0065, Local Government Code, and amended.

SECTION 8. Chapter 176, Local Government Code, is amended by adding Section 176.013 to read as follows:

Sec. 176.013. ENFORCEMENT. (a) A local government officer commits an offense under this chapter if the officer:

(1) is required to file a conflicts disclosure statement under Section 176.003; and  
(2) fails to file the required conflicts disclosure statement with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement.

(b) A vendor commits an offense under this

governmental entity; and  
(4) describe each employment or business relationship with a corporation or other business entity with respect to which a local government officer of the local governmental entity:  
(A) serves as an officer or director; or  
(B) holds an ownership interest of one [40] percent or more.  
(d) A vendor [~~person described by Subsection (a)~~] shall file an updated completed questionnaire with the appropriate records administrator not later than the seventh business day after the date of an event that would make a statement in the questionnaire incomplete or inaccurate.

(e) A person who is both a local government officer and a vendor of a local governmental entity is required to file the questionnaire required by Subsection (a)(1) only if the person:

(1) enters or seeks to enter into a contract with the local governmental entity; or  
(2) is an agent of a person who enters or seeks to enter into a contract with the local governmental entity.

(i) The validity of a contract between a vendor [~~person described by Section 176.002~~] and a local governmental entity is not affected solely because the vendor [~~person~~] fails to comply with this section.

SECTION 7. Same as introduced version.

SECTION 8. Chapter 176, Local Government Code, is amended by adding Section 176.013 to read as follows:

Sec. 176.013. ENFORCEMENT. (a) A local government officer commits an offense under this chapter if the officer:

(1) is required to file a conflicts disclosure statement under Section 176.003; and  
(2) knowingly fails to file the required conflicts disclosure statement with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of the statement.

(b) A vendor commits an offense under this

chapter if the vendor:

(1) is required to file a conflict of interest questionnaire under Section 176.006; and

(2) either:

(A) fails to file the required questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the vendor becomes aware of the facts that require the filing of the questionnaire; or

(B) fails to file an updated questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date of an event that would make a statement in a questionnaire previously filed by the vendor incomplete or inaccurate.

(c) An offense under this chapter is:

(1) a Class C misdemeanor if the contract amount is less than \$1 million;

(2) a Class B misdemeanor if the contract amount is at least \$1 million but less than \$5 million; or

(3) a Class A misdemeanor if the contract amount is at least \$5 million.

(d) A local governmental entity may reprimand, suspend, or terminate the employment of an employee who knowingly fails to comply with a requirement adopted under this chapter.

(e) The governing body of a local governmental entity may, at its discretion, declare a contract void if the governing body determines that a violation of this chapter has occurred.

SECTION 9. The following provisions of the Local Government Code are repealed:

(1) Sections 176.003(c) and (d);

(2) Section 176.005;

(3) Sections 176.006(f), (g), and (h); and

(4) Section 176.007.

SECTION 10. As soon as practicable after the effective date of this Act, the Texas Ethics Commission shall adopt forms to implement this Act.

SECTION 11. (a) Chapter 176, Local Government Code, as amended by this Act, applies only to an event requiring disclosure that occurs on or after the effective date of this Act. An event requiring disclosure that occurs before the effective date of this Act

chapter if the vendor:

(1) is required to file a conflict of interest questionnaire under Section 176.006; and

(2) either:

(A) knowingly fails to file the required questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date on which the vendor becomes aware of the facts that require the filing of the questionnaire; or

(B) knowingly fails to file an updated questionnaire with the appropriate records administrator not later than 5 p.m. on the seventh business day after the date of an event that would make a statement in a questionnaire previously filed by the vendor incomplete or inaccurate.

(c) An offense under this chapter is:

(1) a Class C misdemeanor if the contract amount is less than \$1 million or if there is no contract amount for the contract;

(2) a Class B misdemeanor if the contract amount is at least \$1 million but less than \$5 million; or

(3) a Class A misdemeanor if the contract amount is at least \$5 million.

(d) A local governmental entity may reprimand, suspend, or terminate the employment of an employee who knowingly fails to comply with a requirement adopted under this chapter.

(e) The governing body of a local governmental entity may, at its discretion, declare a contract void if the governing body determines that a violation of this chapter has occurred.

SECTION 9. Same as introduced version.

SECTION 10. Same as introduced version.

SECTION 11. Same as introduced version.

is governed by the law applicable to the event immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

(b) The repeal by this Act of Sections 176.003(c), 176.005(c), and 176.006(f), Local Government Code, does not apply to an offense committed under those sections before the effective date of the repeal. An offense committed before the effective date of the repeal is governed by those sections as they existed on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this subsection, an offense was committed before the effective date of the repeal if any element of the offense occurred before that date.

SECTION 12. This Act takes effect September 1, 2015.

SECTION 12. Same as introduced version.