

- SUBJECT:** Revising financial statement reporting requirements
- COMMITTEE:** General Investigating and Ethics — committee substitute recommended
- VOTE:** 7 ayes — S. Davis, Moody, Capriglione, Nevárez, Price, Shine, Turner
0 nays
- WITNESSES:** For — Dave Jones, Clean Elections Texas; (*Registered, but did not testify:* JC Dufresne, Common Cause Texas; Joanne Richards, Common Ground for Texans; Carol Birch, Public Citizen Texas; Craig McDonald, Texans for Public Justice; Lon Burnam; Dan Eckam)

Against — None

On — (*Registered, but did not testify:* Ian Steusloff, Texas Ethics Commission)
- BACKGROUND:** State officers, candidates for office, and state party chairs must file annual financial statements with the Texas Ethics Commission. Government Code, sec. 572.023(b) requires the disclosure of the number of shares of stock of any business held or acquired, and if sold, the category of the amount of net gain or loss realized from the sale.
- DIGEST:** CSHB 1377 would revise requirements for identifying stock interests in personal financial statements filed at the Texas Ethics Commission and add a recordkeeping requirement.
- The bill would amend current law to limit disclosure requirements to:
- identification by name and category of the greatest number of shares of stock of any non-publicly traded business entity held or acquired, and if sold, the category of the amount of net gain or loss; and
 - identification by stock symbol and the category of the number of shares of stock of any publicly traded corporation held.

The bill also would add a requirement that financial statement filers maintain a record of the information used to file the statement and preserve the records for at least three years from the filing deadline.

This bill would take effect September 1, 2017, and would apply only to financial statements due on or after that date.

**SUPPORTERS
SAY:**

CSHB 1377 would simplify the personal financial statements that officeholders and candidates must file at the Texas Ethics Commission. This would make it easier for filers to complete their reports while retaining sufficient transparency on their business holdings.

Filers no longer would have to calculate net gains or losses from the sale of publicly held stock. Information about publicly traded stocks and their value is readily available through the corporation's federal filings and on the internet. The bill would retain the requirement that filers list by category the number of shares held in that entity and would require reporting by stock symbols, a commonly understood identification of a corporation.

Filers still would be required to include gains or losses from a sale of stock in non-publicly traded business entities. These type of businesses may be privately owned and have less information available to the general public on the internet.

Currently, there is no requirement that a filer retain records related to their reports. The bill would require that such records be retained for at least three years after a report was filed. This would cover the two-year statute of limitations for bringing criminal charges related to the reporting requirements, plus an additional year.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee substitute differs from the filed bill by requiring a filer to

report the category of the number of stock shares held in any publicly traded corporation.