Be it enacted by the Legislature of the State of Texas:

SECTION 1. Chapter 180, Local Government Code, is amended by adding Section 180.007 to read as follows:

Sec. 180.007. PAYMENTS IN EXCESS OF CONTRACTUAL AMOUNT. (a) A political subdivision may not pay an employee or former employee more than an amount owed under a contract with the employee unless the political subdivision holds at least one public hearing under this section.

(b) Notice must be given of the hearing in accordance with notice of a public meeting under Subchapter C, Chapter 551, Government Code.

(c) The governing body of the political subdivision must state the following at the public hearing:

(1) the reason the payment in excess of the contractual amount is being offered to the employee or former employee, including the public purpose that will be served by making the excess payment; and

(2) the exact amount of the excess payment, the source of the payment, and the terms for the distribution of the payment that effect and maintain the public purpose to be served by making the excess payment.

SECTION 2. The change in law made by this Act applies only to a payment made by a political subdivision on or after the effective date of this Act. A payment made before the effective date of this Act is governed by the law in effect when the payment was made, and the former law is continued in effect for that purpose.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

Passed by the House on April 18, 2013: Yeas 143, Nays 0, 2 present, not voting; passed by the Senate on May 20, 2013: Yeas 31, Nays 0.

Approved June 14, 2013.
Effective June 14, 2013.

CHAPTER 863

H.B. No. 503

AN ACT
relating to the ability of a property owners' association to contract with an association board member or certain other persons or entities associated with the board member.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 209.002, Property Code, is amended by adding Subdivision (4-a) to read as follows:

(4-a) “Development period” means a period stated in a declaration during which a declarant reserves:

(A) a right to facilitate the development, construction, and marketing of the subdivision; and

(B) a right to direct the size, shape, and composition of the subdivision.

SECTION 2. Chapter 209, Property Code, is amended by adding Section 209.0052 to read as follows:

Sec. 209.0052. ASSOCIATION CONTRACTS. (a) This section does not apply to a contract entered into by an association during the development period.

(b) An association may enter into an enforceable contract with a current association board member, a person related to a current association board member within the third...
degree by consanguinity or affinity, as determined under Chapter 573, Government Code, a company in which a current association board member has a financial interest in at least 51 percent of profits, or a company in which a person related to a current association board member within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has a financial interest in at least 51 percent of profits only if the following conditions are satisfied:

(1) the board member, relative, or company bids on the proposed contract and the association has received at least two other bids for the contract from persons not associated with the board member, relative, or company, if reasonably available in the community;

(2) the board member:
   (A) is not given access to the other bids;
   (B) does not participate in any board discussion regarding the contract; and
   (C) does not vote on the award of the contract;

(3) the material facts regarding the relationship or interest with respect to the proposed contract are disclosed to or known by the association board and the board in good faith and with ordinary care, authorizes the contract by an affirmative vote of the majority of the board members who do not have an interest governed by this subsection; and

(4) the association board certifies that the other requirements of this subsection have been satisfied by a resolution approved by an affirmative vote of the majority of the board members who do not have an interest governed by this subsection.

SECTION 3. The change in law made by this Act applies only to a contract entered into on or after the effective date of this Act.

SECTION 4. This Act takes effect September 1, 2013.

Passed by the House on May 10, 2013: Yeas 115, Nays 23, 3 present, not voting; passed by the Senate on May 22, 2013: Yeas 30, Nays 1.

Approved June 14, 2013.
Effective September 1, 2013.

CHAPTER 864

H.B. No. 555

AN ACT

relating to certain criminal offenses for violations of the law regulating metal recycling entities.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 1956.040(a-2), Occupations Code, is amended to read as follows:

(a-2) An offense under Subsection (a-1) is a Class A misdemeanor, except that any fine imposed may not exceed $10,000. If it is shown on trial of an offense under Subsection (a-1) that the person has previously been convicted of a violation of that subsection, the offense is a state jail felony.

SECTION 2. Subchapter E, Chapter 1956, Occupations Code, is amended by adding Section 1956.204 to read as follows:

Sec. 1956.204. GENERAL CRIMINAL PENALTY. (a) A person commits an offense if the person violates this chapter or a rule adopted under this chapter, including a rule, charter, or ordinance adopted, an order issued, or a standard imposed by a county, municipality, or political subdivision under Section 1956.003.

(b) An offense under this section is a Class C misdemeanor.

(c) If conduct that constitutes an offense under this section also constitutes an offense under another section in this chapter, the person may be prosecuted only under that other section.