

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 501
By: Capriglione et al. (Taylor, Van)
State Affairs
5/18/2017
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties observe that elected officials are not required to disclose contracts that they or their immediate family members may have with governmental entities. For example, while a member of the legislature may have a contract to provide professional services to a city, they are not required to disclose that contract as part of their personal financial statement. As another example, a state officer whose spouse contracts to provide certain goods to political subdivisions, is not required to disclose those contracts. Interested parties observe that while elected officials may enter into contracts to provide goods or services to political subdivisions, those contracts should be publicly disclosed.

Interested parties further observe that while the legislature creates entities that issue bonds (e.g., MUDs, hospital districts), legislators who provide bond counsel services are not required to disclose those services rendered to public issuers. Further, interested parties observe that legislators should be required to disclose information relating to the referral fees they receive.

Texas law already requires that elected officials complete a financial report disclosing their income sources, investments and earnings, loans held, and, among other items, certain gifts received. H.B. 501 expands this reporting requirement to require that elected officials disclose contracts for goods or services that they or their spouse or dependent child have with governmental entities. Specifically, H.B. 501 expands the personal financial statement reporting requirements for each state officer, elected official, or candidate to include the disclosure of written contracts for goods or services with governmental entities if the aggregate value of those contracts exceeds \$10,000 per reporting year. H.B. 501 also requires that members of the legislature that provide bond counsel services to a public issuer disclose specific information regarding each issuance, including the amount of the bond issuance, the name of the issuer, and the fees paid to the member or their firm. H.B. 501 further requires that state officers disclose referrals and associated fees. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 501 amends current law relating to the disclosure of certain contracts, services, and compensation in personal financial statements filed by public officers and candidates.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 572.023, Government Code, by amending Subsection (b) and adding Subsections (e) and (f), as follows:

- (b) Provides that the account of financial activity consists of:
 - (1) through (12) makes no changes to these subdivisions;
 - (13) and (14) makes a nonsubstantive change;

(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 a certain contract;

(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) (relating to the definition of "issuer"), identification of certain information for each issuance for which the individual served as bond counsel.

(e) Defines "governmental entity."

(f) Provides that 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. Amends Section 572.0252, Government Code, as follows:

Sec. 572.0252. INFORMATION ABOUT LEGAL REFERRALS. (a) Defines "referral for compensation."

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

(c) Creates this subsection from existing text. Requires a state officer who is an attorney to report certain information on the financial statement.

SECTION 3. Amends Subchapter B, Chapter 572, Government Code, by adding Section 572.0295, as follows:

Sec. 572.0295. AMENDMENT OF FINANCIAL STATEMENT. (a) Authorizes a person who files a financial statement under this chapter (Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest) to amend the person's statement.

(b) Provides that a financial statement that is amended is considered to have been filed on the date on which the original statement was filed if certain conditions are met.

SECTION 4. Makes application of this Act, in relation to a financial statement filed under Subchapter B (Personal Financial Statement), Chapter 572 (Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest), Government Code, as amended by this Act, prospective to January 8, 2019.

SECTION 5. Effective date: January 8, 2019.